Austria ... Sch 15	Indonesia . Rp 1600	Philippines . Pes 20
Bahrain .. Din 0.650	Italy .... L 1100	Portugal .. Esc 65
Belgium ... BFr.35	Japan Y650	S. Arabia Rls 6.00
Canada ... C$2.50	Jordan ... Fils 500	Singapore . S$ 4.10
Denmark .. Dkr.7.00	Kuwait .... Fils 500	Spain ... Pta 95
Egypt .... E£1.00	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Finland .. Fmk 5.00	Luxembourg LFr 35	Switzerland . SwFr 2
France .. FFr 5.00	Malaysia .. Rm 4.25	Tunisia .. Din 0.600
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 130
Greece ..... Dr 60	Netherlands . Fl 2.25	U.A.E. ... Dh 6.50
India .... Rup. 15	Norway . NKr. 6.00	U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,002

Thursday February 17 1983

D 8523 B

U.S. trade unions: labour reaches a turning point, Page 10

NEWS SUMMARY

GENERAL

Peking plans to launch satellite

China will put its first telecommunications satellite into orbit over the Indian Ocean this year, said Communist Party newspaper People's Daily.

Western defence experts say the satellite, which will have important military and peaceful applications, will be put into "earth stationary orbit" – its speed at a height of 35,800 km above the equator keeping pace with the earth's rotation.

The backwardness of China's military capabilities was shown up in its war against Vietnam. Last July Peking said it had developed a rocket that could launch satellites.

Bush fire deaths

Bush fires in Australia killed at least 36 people, injured almost as many more, and destroyed seven towns and hundreds of homes. Large sections of Victoria and South Australia were declared disaster areas.

Reagan headache

The U.S. Senate foreign relations committee voted 15-2 to delay a decision on the appointment of Kenneth Adelman as arms control director, and urged President Ronald Reagan to choose someone else.

Missile agreement

Britain, France, and West Germany have given the go-ahead for a joint design of anti-tank missiles for the mid-1990s.

Palestine dictum

PLO official in Algiers said that any future Palestinian state would be established in the Israeli-occupied West Bank and the Gaza Strip, with Jerusalem the capital.

German go-ahead

West German constitutional court gave the go-ahead for a March 6 general election, by dismissing appeals against the mid-term dissolution of Parliament after a contrived no-confidence vote. Page 2

Kohl supported

Chancellor Helmut Kohl's Conservative-Liberal coalition would have won if West German elections were held last week, according to a survey yesterday in Stern magazine.

Italian drug sweep

Italian authorities have arrested more than 100 people, mostly in Rome and Milan, in a drive against organised crime, particularly making and trafficking in heroin. Page 2

Burt confirmed

U.S. Senate yesterday confirmed the nomination of Richard Burt as Assistant Secretary of State for European Affairs.

Peres coalition talks

Israeli Labour Party Opposition leader Shimon Peres is having talks with members of the ruling Begin coalition on the possibility of forming a national unity government. Page 12

Drastic measure

A Krakow, Poland, man, angry after a row with his wife, put a live 76mm artillery shell in her bed. Police took him for questioning and sent in a bomb disposal squad.

Briefly ...

Turin: Funeral took place for the 64 killed in Sunday's cinema fire.

Athens: Fire damaged the Economics Ministry.

Cherbourg tug rescued 50 sailors from a patrol boat in the Channel.

China invited Taiwan athletes to train with its Olympic Games squad.

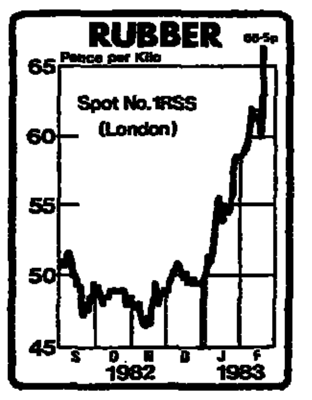
BUSINESS

Caracas hints at exchange controls

● VENEZUELAN Finance Minister Dr Arturo Sosa hinted strongly that his Government would soon impose foreign exchange controls in a bid to stem capital outflows, estimated at $100m a day. Page 12

● DOLLAR fell sharply in late European trading. It dropped to DM 2.389 (DM 2.4065), FFr 6.7725 (FFr 6.825), SwFr 1.9825 (SwFr 1.994) and Y232.75 (Y233.75). However, its bank of England trade-weighted index, calculated before the close, rose from 118.7 to 118.8. Page 34.

● STERLING rose 75 points to $1.549 and from Y360.5 to Y360.75, but eased to DM 3.7025 (DM 3.7125), FFr 10.4875 (FFr 10.52), and SwFr 3.0725 (SwFr 3.075). Its trade-weighting slipped from 80.8 to 80.7. Page 34



● RUBBER prices surged in London, with the RSS No 1 spot quotation gaining 3.5p to 66.5 ($1.03) a kilo. Page 31

● GOLD rose $1 in London to $508.5. In Frankfurt it fell $2.5 to $508.5, and in Zurich it closed $1 down at $508.5. Page 31

● LONDON: FT Industrial Ordinary index dropped 5.9 to 656. Government Securities were virtually unchanged. Page 27. FT Share Information Service, Pages 32, 33

● TOKYO: Nikkei Dow index closed 9.99 up at 8145.41. Stock Exchange index eased 0.26 to 590.23. Pages 27, 30

● HONG KONG: Hang Seng index gained 12.92 to 944.32. Pages 27, 30

● AUSTRALIAN all-shares index edged up 1.2 to 512.2. Pages 27, 30

● FRANKFURT: Commerzbank index slipped 3.5 to 776.4. Pages 27, 30

● WALL STREET: Dow Jones index closed down 5.67 at 1087.43. Page 27. Full share listings. Pages 28–30.

● FRENCH Government is talking to Aérospatiale and Matra about achieving greater cohesion in marketing telecommunications satellites. Page 2

● AUSTRIAN prime rate will be cut from 10.75 per cent to 9.75 and housing loans will be cut by ½ per cent.

● THAILAND hopes to obtain a World Bank loan of $175m after talks with bank officials in Washington next week.

● FRENCH consortium of 19 companies has won a contract worth more than $1bn to build an overhead railway system for Nigeria's capital Lagos.

● TURKEY has applied to the IMF for a one-year renewal of its three-year $1.6bn standby agreement which expires in June.

● OPEL, the West German subsidiary of General Motors, is to report a net profit of DM 90m ($34.8m) for 1982. Page 13

● INTERNATIONAL Harvester, the ailing U.S. trucks and farm equipment maker, reduced its losses for the quarter ended January by 61.3 per cent to $287.6m.

● HEWLETT-PACKARD, the U.S. electronics group, reported earnings in the first quarter of $85m ($73m). Page 13

Volcker stresses reduced role for money supply

BY ANATOLE KALETSKY AND PAUL TAYLOR IN WASHINGTON

MR PAUL VOLCKER, the Chairman of the U.S. Federal Reserve Board, indicated yesterday that money supply targets will play a less dominant role in the conduct of U.S. monetary policy in the year ahead.

But he insisted that his overriding priority remained the control of inflation and strongly suggested that the Fed would not push interest rates downwards. Actions such as a premature cut in the discount rate would only exacerbate the financial markets' fears about inflation, he suggested.

Presenting his semi-annual review of the Fed's monetary policy and targets to the Senate Banking Committee, Mr Volcker pointed out that the "normal" relationships between monetary growth and the economy had broken down in 1982, and warned that these relationships could go on changing in the year ahead.

There were no simple rules which would reliably produce the results of lower inflation and steady economic growth which the Fed was seeking, he noted.

The central bank would have to use more judgement in its conduct of monetary policy than it has in recent years, he suggested to the Committee repeatedly.

With these provisos he announced an unchanged target for the broadest measure of the money supply, M-3, which the Fed will attempt to keep within a 6.5 per cent to 9.5 per cent growth range. Growth of 7 to 10 per cent is targeted for M-2, the slightly narrower monetary measure, for which the growth target was 6 to 9 per cent in 1982.

Mr Volcker maintained, however, that the one percentage point increase in the target range had "no economic significance" because it was designed to take account of changes in bank regulation which are expected to boost M-2 by about 1 per cent in 1983.

The target range for the narrowest money measure, M-1, has been widened to 4 to 8 per cent, from last year's range of 2.5 to 5.5 per cent, which was until last autumn the Fed's main operating target. The M-1 target was suspended in October because of distortions to this measure of the money supply.

Mr Volcker noted that "the degree of emphasis on M-1 will be dependent on assessment and predictability of its behaviour relative to other economic measures."

In addition to these monetary targets, which the Fed would "need to judge in the light of developments with respect to economic activity and prices," Mr Volcker also announced a new "experimental" target for total domestic credit creation.

This target, which would cover the growth of all debt owed by the domestic public and private non-financial sectors, has been set at 8.5 to 11.5 per cent.

This credit figure had in the past grown roughly in line with total money spending (nominal GNP). The top of this target range would allow for nominal GNP growth somewhat faster than the Fed's current forecast, which is for nominal GNP growth of between 8 and 9 per cent, in recognition of the fact that some anlaysts expect a moderate increase in the ratio of debt to GNP in the year ahead.

Continued on Page 12

PRODUCTION RISE

U.S. industrial production rose an estimated 0.9 per cent in January – the best showing since an adjusted 1.6 per cent rise in February 1982. The January increase was taken by some economists as showing that the fourth quarter of last year had marked the end of recession. Details Page 4

Europe angered by U.S. 'protectionism' on arms

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT IN LONDON

CONCERN IS growing in Europe that protectionist measures being introduced by the U.S. Congress and by the Reagan Administration are having an adverse effect on the multi-million dollar trade in defence equipment between the U.S. and Europe.

Dr Manfred Wörner, West German Defence Minister, strongly criticised "protectionist provisions" of legislation recently introduced by Congress at a conference in Munich last weekend. He bluntly told U.S. politicians present: "We expect the U.S. Congress to revise these provisions."

Mr Geoffrey Pattie, Minister in charge of procurement at the UK Ministry of Defence, is flying to Washington on Tuesday to convey the British Government's anxiety that a joint U.S.-UK memorandum on arms co-operation is being undermined by the U.S.

Friction between Europe and the U.S. on arms sales stems from the longstanding U.S. propensity to sell much more to Europe than it buys. Memorandums of Understanding were signed by the U.S. and its key European allies in the 1970s to correct this imbalance, but have had only a patchy success.

A year ago, European criticism was reserved for protectionist legislation passed by Congress, but governments in Europe now appear to feel that the U.S. Administration is itself involved in protectionism which, it is claimed, is undermining industrial collaboration and arms sales.

In Washington Mr Pattie is expected to reinforce complaints already lodged by the British Embassy on specific projects. These include the sale of British aircraft ejector seats to the U.S. The British company Martin Baker has a contract, won in open competition, to supply ejector seats for McDonnell Douglas's F/A 18 aircraft.

The company has now, however, been excluded from the programme by the 1983 Defence Appropriations Bill, apparently because it is foreign.

But Britain is also concerned that the Pentagon is applying restrictions to industrial collaboration which threatens to undermine existing agreements between U.S. and UK companies.

It is suggested that the U.S. army is withholding key data needed for UK participation – under the joint memorandum of understanding – for the third phase of the multiple launch rocket system, the next-generation anti-tank weapon.

The Pentagon is also said to be "zealously" scrutinising existing agreements between U.S. and European companies to tighten the rules on the transfer of technology.

Officials say this could prevent Europe exporting weapons systems which involve U.S. components, however small.

This is part of the U.S. drive to prevent the transfer of technology to the Warsaw Pact nations which has gathered momentum after the row with Europe over the Soviet pipeline. However, it appears also to affect exports to non-Pact countries.

Bitterness is growing in Europe

Missiles and the Bonn election, Page 2

IBM and Matsushita discuss plan to set up joint venture

BY PAUL BETTS IN NEW YORK AND GUY DE JONQUIERES IN LONDON

INTERNATIONAL BUSINESS Machines (IBM) of the U.S. and Matsushita Electric, Japan's largest electronics manufacturer, said yesterday they were starting "detailed discussions" on a joint venture proposal to make information processing equipment in Japan.

The joint venture, if it goes ahead, would be the most important collaboration arrangement to date between IBM and a Japanese company. The proposal is said to envisage joint development as well as production.

The companies said the joint venture might produce terminals, office automation equipment and small business computers.

IBM said the purpose of the talks was to establish a "high-volume, low-cost" operation which would combine IBM's data-processing expertise with Matsushita's mass-production technology.

IBM already has sizable development and manufacturing facilities of its own in Japan, where it ranks second to Fujitsu in computer sales. It also purchases a variety of components and equipment from Japanese suppliers.

It recently negotiated an agreement with Matsushita, which will make a small business computer developed by IBM Japan. IBM also purchases photocopiers from Minolta, which it distributes under its own name, and buys sub-assemblies from Toshiba for a large facsimile machine which it launched recently.

Matsushita has also been developing a range of office automation equipment designed to handle graphics and including a variety of facsimile machines.

The possiblity of a link-up between IBM and Matsushita has been the subject of industry speculation for the past two years. There were suggestions at one point that Matsushita might develop and make a personal computer for IBM, though these were denied by the U.S. company.

Marsh and McLennan to sell underwriting activities

By John Moore in London

MARSH & McLENNAN Companies, the world's largest insurance broker, disclosed yesterday that it was planning to sell all its significant insurance underwriting activities this year. The sale could raise more than £50m ($77m) for the U.S.-based group and spark similar moves in the transatlantic insurance broking community.

Mr Gilbert Cooke, chief executive officer of Bowring, the Marsh & McLennan subsidiary, said in London yesterday: "We have come to the conclusion that as long as the possibility for conflict of interest exists, it is best to segregate insurance companies from brokers." Brokers buy insurance on behalf of clients.

Mr Cooke said the conclusion had been reached after considering the arguments advanced in reports on the affairs of Lloyd's of London and during Lloyd's legislation.

In New York yesterday, Mr John Regan, chairman of Marsh & McLennan, said that the move was being made in the "best interest" of clients and shareholders which would be better served by the group concentrating on broking.

The businesses which are being sold showed combined insurance premiums and other revenues in 1982 of $220m. The companies, which are not consolidated in Marsh & McLennan's financial statements but are reported on an equity basis, contributed about $8m to the American group's net income in 1982.

The companies for sale include Crusader Insurance and English and American Insurance, both based in the UK. Both companies, which formed part of the C. T. Bowring empire, were acquired when Marsh & McLennan took over Bowring in 1980 for $569m. Crusader has been part of Bowring since 1954.

Bowring is already in discussions with working underwriters and staff of its Lloyd's underwriting agency activities, which look after the affairs of 800 members of Lloyd's, for a possible buy-out of the company by the agency management. Following legislation promoted by Lloyd's, all brokers are obliged to sell off their interests in underwriting agencies in the Lloyd's market within the next five years.

But Marsh's initiative could lead other brokers to sell insurance company interests.

Lex, Page 12

French plan to reshape state banking

BY DAVID MARSH IN PARIS

FRANCE'S mainly nationalised banking system is to be regrouped to merge some smaller banks, boost competition among the larger institutions and strengthen regional banking, according to a reform programme presented yesterday by M Jacques Delors, the Finance Minister.

The step-by-step package of pragmatic reforms, which was announced only in its broadest outlines yesterday, is aimed above all at strengthening central regulation of the banking system and resolving structural problems among some of the small banks nationalised last year.

The package does not go nearly far enough towards shaking up French banking as some members of the Socialist Government would like. This corresponds to the wish of M Delors, a leading moderate in the Cabinet, to make reforms only gradually and after full discussion.

M Delors told the weekly Cabinet meeting yesterday that the reform céntred on four main points. The most important concerns the widening of banking regulation to include all the main categories of French banks under one supervisory umbrella.

Intended to strengthen competition between the different parts of the banking system, this will mean that all deposit-taking institutions – which include the large co-operative and savings networks as well as the mainstream commercial banks – in future will be treated uniformly.

The Government believes for instance, that uniform treatment will push Credit Agricole, the giant semi-state farmers' co-operative bank, into more active involvement in industrial lending, although it will maintain its prime function in financing agriculture.

The Government is to change the structure of the National Credit Council, the body composed of representatives from diverse sectors of the economy, which debates monetary policy measures, in order to achieve more "democracy." Policy-making power will, however, remain firmly with the Finance Ministry and the Bank of France.

Additionally, banking supervision, presently carried out by the Bank of France and the Banking Control Commission, is to be placed on a new institutional footing to give more formality to powers.

As part of the fourth main point – decentralisation – the Government is to give the credit Industriel et Commerciel banking group a majority share and the control in running 10 regional banks which it owned before nationalisation.

The effect of this and a series of other bank restructurings now being negotiated will be to reduce the overall number of separate

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Improvement in trade deficit foreseen, Page 2

Hyster makes cuts in Holland, Belgium

BY MARK MEREDITH IN IRVINE, SCOTLAND

THE U.S. Hyster company yesterday announced it would cut production in the Netherlands and sell its Belgian components plant to complete a worldwide restructuring of its forklift truck production.

The company, the world's second largest forklift truck maker (after Balkancar of Bulgaria), made its announcement after it had won agreement from its 500 workers at Irvine, Scotland, to accept a 9.8 per cent cut in basic pay. In return, Hyster will invest £40m ($61m) in developing the Scottish factory.

The restructuring plan has seen a near-halving of Hyster's staff worldwide, from about 9,000 to 4,900, in a cost-cutting exercise to enable Hyster to fight Japanese competition.

At the Irvine plant, 491 of the workforce voted to accept the pay cut. Staff benefits will also be reduced. Hyster workers in the U.S. took a pay cut last year after the restructuring programme began in August.

Under the restructuring, Hyster will transfer much of the volume range of forklift truck production from Nijmegen in the Netherlands to Irvine. Staff at the Dutch plant will be cut from 540 to about 250. Production of heavyload forklifts will continue in the Netherlands.

Irvine, as part of the plan to give each product line in Europe one source, will produce medium-range models and their various custo-

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CONTENTS

Citroen sacks union representatives after violence at factory

BY DAVID HOUSEGO IN PARIS

CITROEN HAS sacked four representatives of the pro-Communist CGT union at its Aulnay plant who are accused of attacking company staff during a demonstration over pay earlier this month.

All four are Moroccan immigrant workers and the action is considered inflammatory by the CGT and by many of the immigrant workers who are in a majority amongst assembly-line workers at the car plant on the outskirts of Paris.

The management also sacked eight other workers and suspended 14 more for a week following the February 2 demonstration in which 25 people were injured.

Citroen's decision to take a tough line reflects its determination to bring to an end the violence at the plant where skirmishes between assembly-line workers and supervisory personnel have been everyday occurences.

It believes the violence stems from the agitation of a small number of Islamic fundamentalists who are also members of the Communist party and from the change in union leadership in the factory. In the wake of the Socialist victory in the 1981 presidential election, the CGT ousted the Citroen "house" union from its almost total control of the workforce.

The risk Citroen takes is that a further prolonged strike at Aulnay could kill the chances of the Peugeot group (of which Citroen is a part) returning to profit this year. Peugeot, with high levels of indebtedness and shrinking capital reserves, is expected to report losses last year of FFr 2.3bn (£218m).

Under French law special procedures are required to sack the four union representatives, one of whom has a place on the plant's works council.

The company's action follows a much tougher stance by the Government towards disturbances in the car plants of the Paris area where immigrants form a majority on the assembly lines. M Jean Auroux, the Labour Minister, has spoken of "terrorist" actions by the CGT, and M Pierre Mauroy, the Prime Minister, has spoken of Moslem fundamentalists being behind the strikes.

Company talks aim at space link-up

BY DAVID MARSH IN PARIS

THE FRENCH Government is holding talks with the country's two prime space companies, Aerospatiale and Matra, to try to achieve greater cohesion in marketing French telecommunication satellites.

The talks, which have been going on for same time and are not yet likely to come to any firm conclusion, are designed to bring the two companies into some form of commercial association to confront strong competition from U.S. manufacturers in selling telecommunications satellites.

Both French companies, which are controlled by the state, have important space manufacturing divisions but have been hit by the slowdown in the world satellite market caused both by recession and by technical hitches.

News of the negotiations comes amid growing pessimism about likely further delay in Ariane, Europe's independent space launching programme, in which the French play a dominant role.

The plan for greater co-operation in French satellites is being encouraged by CNES, the country's national space agency. Prof Hubert Curien, the CNES president, said recently that Europe had too great a diversity in satellite production. One of his priorities, he said, was to bring about more "cohesion."

Matra is linked with British Aerospace in the Satcom International satellite manufacturing grouping, while Aerospatiale has accords with both Messerschmitt of West Germany in the Franco-German Eurosatellite company and with Ford Aerospace of the U.S. These international ties need to be preserved in any case, the French Government believes.

One of the aims of any agreement would be to prevent undue competition between French companies bidding for satellite orders outside Europe.

Some time ago, Aerospatiale and Matra agreed that only the former would bid for a Brazilian satellite order, which was eventually won by the U.S. It is this kind of co-operation which could be enlarged to a more formal partnership, according to industry officials.

European companies started out with high hopes on the world satellite market at the end of the 1970s but, so far, U.S. companies, led by Hughes Aircraft, have practically swept the board for contracts outside Europe.

European companies have won only one non-European order so far—for the Arab League's satellite, Arabsat. This is being built by Aerospatiale and Ford and is due for delivery next year.

First-half improvement in trade deficit likely

BY DAVID HOUSEGO IN PARIS

FRANCE CAN expect a moderate improvement in its trade deficit in the first half of this year as a result of the drop in oil prices and, possibly, of a continuing slide in the dollar according to Insee, the government statistics institute.

In its latest quarterly report the organisation says the trade deficit should drop to below FFr 5bn (£474m) a month before the end of June, compared with an average last year of FFr 7.7bn a month.

France's record trade deficit last year of FFr 93bn was the major factor behind the sharp build-up in external debt that is now one of the Government's main concerns.

In contrast to the modest 1.5 per cent expansion of real GNP last year, Insee foresees that the first six months of this year will be a period of virtual economic stagnation.

It predicts only a slow growth in consumer demand, private sector investment falling, companies allowing a small run-down in stocks, and export markets unfavourable.

In its monthly report published yesterday, the Bank of France also says that companies expect a slight fall in production in the coming months.

The Insee forecasts do not take into account the possible devaluation of the franc which is widely expected after next month's municipal elections, or the further disinflationary measures the Government is expected to take to reduce the level of external and public sector deficits.

In its report, Insee predicted an inflation rate of just under 5 per cent for the six months. On an annual basis, this is above the Government's target of 8 per cent and more than twice that of West Germany.

Yugoslav row over banks' debt accusation

By Aleksandar Lebl in Belgrade

MR JANKO SMOLE, Yugoslavia's chief foreign debt negotiator, has been openly attacked by two regional banks in the country for saying publicly that they could not meet their debt payments to western banks and that they had turned to the Belgrade authorities for help.

The row would have important political ramifications if individual republics in this federal country were to take up their home banks' complaints against the central government, in which Mr Smole has responsibility for foreign financial policy.

Last month in the federal parliament, Mr Smole criticised four banks—Stopanska Banka (based in Macedonia), the Investment Bank of Titograd (based in Montenegro), and Kosovo Bank and Vojvodina Bank (each based in the province which bears its name)—for expecting the federal government and the national bank to deal with their foreign payment problems.

Mr Smole said the banks' attitude was financially irresponsible and "untenable, especially at a moment when we expect financial assistance from abroad." Yugoslavia is trying to persuade a number of western governments and central banks that it is putting its financial house in order, as a pre-condition for a multi-billion-dollar rescue.

Two of the banks under fire from Mr Smole—those in Macedonia and Vojvodina—have made public their criticism of the minister. They say their request to Belgrade for help was confidential, and that disclosure damaged their credit-worthiness abroad.

It has been no secret that some of these banks have been late recently with repayments to western creditors. But Stopanska Banka from Macedonia has introduced a sharp note of regional rivalry, never far from the surface in the Yugoslav federation, by implying that Mr Smole was trying to enhance the international standing of some Yugoslav banks by denigrating others. Mr Smole headed the country's second-biggest bank, Ljubljanska Banka (based in Slovenia), before he joined the government last year.

Anti-Mafia police raids arrest 100

By James Buxton in Rome

THE ITALIAN authorities are thought to have inflicted an important blow to the underworld of organised crime through the arrest of about 100 people, mostly in Rome and Milan.

They are suspected of being part of an enormous operation involved in the manufacture and traffic of heroin and other drugs in Italy, central Europe and the U.S. The network is dominated by the Sicilian Mafia and its Neapolitan cousin, the Camorra.

Those arrested include known Mafia and Camorra suspects, but also businessmen previously considered to be above suspicon. Among these were the owners of big shops in Rome, a jeweller with a business in the fashionable Piazza di Spagna in the centre of the city, and hoteliers in Milan.

The police raids started early on Tuesday morning, after the issue of 130 arrest warrants by Rome and Milan magistrates. Three hotels in Milan, including the well-known Plaza near the cathedral, were taken over by police and searched.

The Mafia and Camorra have long been extending their influence from their bases in the south, but this process recently received a considerable boost from the boom in the drugs trade.

The trade is thought to be the Mafia's most lucrative operation by far. It yields annual net profits of $500m-$600m, according to the U.S. Drug Enforcement Agency, which works closely with the Italian authorities. Rome is believed to have become a main centre for the direction and negotiation of drug-trafficking.

Italian magistrates and police are making use of the anti-Mafia law, passed last September, which enables detailed checks to be made of the property and bank accounts of suspected Mafiosi. In view of the vast amounts of money laundered and invested as proceeds of the drug racket, this is considered a more effective way to strike at the Mafia than checks on the movement of drugs, which are often impracticable.

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Bank voices fears over Belgium's recovery

BY JOHN WYLES IN BRUSSELS

AN URGENT call for international co-ordination of economic policies to counter an apparently indefinite world recession is issued today by the National Bank of Belgium.

The dominant tone of the bank's annual report is deep anxiety about Belgium's prospects of securing economic recovery and, indeed, of maintaining its fragile social cohesion in the absence of world economic growth.

If unco-ordinated national policies—some of a "beggar-they-neighbour" kind — continue to prolong the recession and are not confronted by international action the bank warns, industrialised countries' prosperity will be threatened and the poorest countries "pushed deeper into their misery."

As far as Belgium's own efforts are concerned, the bank appears to regard them as more satisfactory and credible than in previous years. Its report shows modest progress is being made in curbing runaway growth in public spending and restoring liquidity and competitiveness to the private sector.

Although gross national product fell by 0.7 per cent last year, the overall public borrowing requirement fell from 16.5 to 16.1 per cent of GNP. This is the first break in a rising curve which began in the past decade and accelerated in the first two years of this one.

It was achieved by sharp reductions in public spending growth and by tax increases which produced a bigger growth in government revenues than in outlays for the first time since 1974.

But given the fact that only Ireland has a worse public financing problem than Belgium in the EEC, the bank sees a long hard road ahead before the burden will be eased. Efforts to do so, moreover, "touch profoundly on the human element," and the report counsels against any more large tax increases to cut the budget deficit. This would not only be too deflationary, it would also encourage greater tax evasion, it says.

Last year was the best year for the corporate sector since 1974, according to the bank. Corporate pre-tax income rose from 6.5 per cent of GNP in 1981 to 7.9 per cent—the highest proportion since 1974. Gross operating profits rose by 20 per cent at current prices compared to a 6 per cent fall in 1981.

Companies were helped by a higher rise in their sales prices than in unit costs — the latter being held down by the partial de-indexation of wages. The 8.5 per cent devaluation of the Belgian franc last February together with other currency fluctuations helped exporters achieve a 13.5 per cent rise in prices and a general improvement in competitiveness, says the bank.

But there has been no recovery in investment. Fixed capital investment in manufacturing stabilised but declines in energy and construction led to a fall in gross fixed capital as a proportion of GNP from 17.7 per cent in 1981 to 17.1 per cent.

Belgium's current account showed a slight improvement from a deficit of BFr 200bn (£2.63bn) in 1981 to an estimated BFr 130bn-BFr 150bn (£1.7bn-£1.9bn) last year. Imports stayed fairly level but exports showed a slight increase, suggesting that producers may have improved their shares of overseas markets with the help of the devaluation.

Court gives go-ahead for West German poll

BY JONATHAN CARR IN BONN

Herr Strauss . . . accused the Social Democrat Party of waging a "spritual civil war

WEST GERMANY'S Constitutional Court—the highest in the land—has removed the last remaining doubts that the general election can go ahead on March 6 as planned.

The court yesteday rejected the appeals of four MPs who felt the tortuous path chosen to the election was against the spirit of the constitution.

The decision was greeted with almost audible relief by all parliamentary parties, and by President Karl Carstens who gave his approval last month for a March poll. Had the court decided otherwise—with only 18 days to go to polling day—it would have created at least a highly embarrassing situation and, perhaps, a constitutional crisis.

As it was, the court reached its verdict by a 6—2 majority, showing that, to the end, the path to this election remains highly controversial. It is thus felt likely that the next session of Parliament will decide on a constitutional change to ensure that a similar situation does not recur.

The problem arose because Chancellor Helmut Kohl's centre-right coalition came to office last October, in the middle of a parliamentary term, through a vote of no confidence in Herr Helmut Schmidt, the then Social Democrat (SPD) Chancellor.

Although the constitution makes it hard to hold a premature poll, Herr Kohl was determined to seek an early mandate from the country. Therefore, he deliberately lost a confidence vote on December 17 to open the way to an election, a procedure later approved (with marked lack of enthusiasm) by President Carstens.

The four MPs who went to the court complained, among other things, that Herr Kohl really did have a firm majority in Parliament and that their constitutional rights were being infringed. But the court decided that Herr Kohl had genuine cause to believe that his majority was not secure in the longer run. Above all, the liberal Free Democrat Party — which switched from the SPD to support Herr Kohl — was rent by differences which made its future stance unclear.

With the constitutional question mark removed, the parties flung themselves back with renewed vigour into a campaign which is proving to be among the most bitter in West German history.

Particularly trenchant was Herr Franz Josef Strauss, the conservative Bavarian leader, in his traditional Ash Wednesday speech before hundreds of cheering supporters in the Nibelung Hall in the town of Passau.

Herr Strauss accused the SPD of waging a "spiritual civil war" by claiming that the government parties endangered peace and disarmament. The SPD, he insisted, had only one real opponent, and that was the truth.

At another Bavarian campaign meeting Herr Hans Jochen Vogel, the SPD's candidate for Chancellor, adopted more measured tones. Herr Strauss, he said with mock regret, was not the man he used to be.

James Buchan visits Bitburg a likely site for Nato cruise rockets

Missiles issue flies into the distance

AFTER THE forced gaiety of Carneval, the small West German town of Bitburg, close to the Belgian and Luxembourg borders, was in a crapulous mood. Nobody really wanted to talk about cruise missiles, even three weeks before a general election in which they have become an important issue.

Among the people wrapped against the cold in the town's reconstructed centre—Roman Catholic, quite prosperous, a little hungover—some did not read the newspapers and others worked at one or other of the two U.S. air force bases outside the town.

One man, on sick leave from the F-15 base at Bitburg, was in favour of cruise missiles. "They have their things over there," he said pointing vaguely at the Soviet Union, some distance beyond the Post Office and the snowy, wooded hills of the Eifel. "So we must have them here."

In the fine stone town hall, also reconstructed, Herr Theo Hallet, the Christian Democrat mayor, was, oddly, unavailable. But his office manager, Herr Horst Hansen, confirmed that the town council of Bitburg stood firmly behind Nato's twin-track decision of December 1979.

The Nato decision offered the Soviet Union negotiations on long-range intermediate-range nuclear missiles but warned that it would station a new generation of U.S. missiles in Western Europe from the end of this year should negotiations in Geneva on reducing nuclear weapons not produce an agreement.

If the Geneva negotiations fail, West Germany will start installing up to 108 Pershing 2 missiles from this year and 96 ground-launched cruise missiles from 1984 or later as its share of the nachruestung ("catching up armament") part of the twin-pack decision. Informed opinion is all but certain that the Pershing 2s will be stationed at the existing Pershing 1 bases in Baden-Wuerttemberg in the south-west.

Nobody is certain about the cruise sites but Bitburg is the most often mentioned. Unlike the British and the Italians, the other hosts delegated to take the missile, the West Germans have not been told.

Bitburg is a symbol of this ignorance, which gives many young people, the peace movement and the "Greens" movement of ecologists and pacifists, a feeling of impotence in the face of the arms race of the great powers.

The town, which was destroyed in 1945 like almost everything else in Germany, has 12,000 citizens. Alongside is the garrison of 2,000 French troops and the 10,000 U.S. servicemen and their dependants at the Bitburg base.

The U.S. 36th Tactical Fighter Wing is the town's largest employer, providing jobs for about 800 Bitburgers, outstripping even the famous brewery where the Simon family has been making beer since the early 19th century.

According to Herr Hansen, many old people remember how the building of the base in 1952 gave a boost to the reconstruction of the town. Today, many Bitburg families augment their income by letting flats to Americans.

As for the atomic weapons believed to be already at the base, and at the nearby Phantom base at Spangdahlem, "the people of Bitburg are not fools," he says. But both bases are undertaking extensive investment which helps the local economy, he says.

What terrifies the tiny Peace Initiative Bitburg which, with 20 members (including the mayor's son), commands the active support of 1/600th of the population, is that the investment might mean parliamentary works for the cruise missiles

The Initiative was formed in response to an article last September in Stern magazine, quoting information from Washington that the cruise weapons would be installed at a place called "Scout Camp Wiersdorf," a few minutes outside the town.

The camp—actually "U.S. Scout Facility Rittersdorf"—would be too small to take 96 missiles, according to Dr Detley Enge-Bastien, a doctor from Solingen who came to Bitsburg last year. He is a leading spokesman of the Initiative. Beside the camp are two immense concrete and steel bunkers, where atomic weapons were stored until the early 1960s.

However, Dr Enge said, the U.S. leases a large tract of fir and oakwood above the town which could provide a site for the missiles. He himself believes that the U.S. and Nato have not quite made up their minds.

The town's first response to the Stern report was to appeal for calm but Herr Hallet, the mayor, wrote to Bonn saying that enough was enough. Bitburg had done its share for peace. Dr Alois Mertes, the Christian Democrat deputy for Bitburg, also wrote to the then Chancellor, Herr Helmut Schmidt, applauding the policy of secrecy over the siting of the missiles but asking that he at least be informed.

When, on October 1, Dr Mertes transferred to the Foreign Ministry as State Minister, he is reliably said to have called in officials and demanded definite information. He received none.

WEST GERMAN ELECTIONS

6th March

Last November, Dr Enge and his friends staged a week-long wake outside the Defence Ministry. They were told by a junior official that Bonn could not publish the sites because the U.S. might object and tell the West German Government even less.

Other officials are more specific, saying that to publish the sites would invite demonstrations which could even lead to scuffles between West Germans and Americans. The very notion fills Dr Enge with horror and he says he wants to continue trying to persuade the deeply conservative local population of the evils and futility of new Nato missiles, rather than invite in hordes of demonstrators from more politically-minded cities.

In Bitburg itself, Dr Enge says, the dominant feelings are "indifference or resignation," a view confirmed by an 18-year-old apprentice in the high street. "When it goes up, it will really go up," he said. "A few more missiles . . ."

It is also confirmed by the election campaign, where the Nato missiles have receded as an issue. From 1979 until very recently, Bonn governments have been propounding the comfortable notion of the "zero option," whereby the U.S. will insist at Geneva that Moscow dismantle its entire land-based missile force in Europe as a price for Nato not deploying new missiles. This has the virtue of avoiding deployment in West Germany which, opinion polls show, is what a majority of citizens would like.

However, amid growing fears that slavish adherence to the "zero option" could scuttle the talks, the conservative-liberal coalition of Chancellor Helmut Kohl has been sounding more flexible and the phrase "no all-or-nothing at Geneva," apparently invented by Dr Mertes, has passed into Nato language. In contrast, the Social Democrat candidate, Herr Hans-Jochen Vogel, is focussing on avoidance of deployment by saying that he will work for a solution that makes new Nato missiles "superfluous."

The evidence, however, is that the electorate is having difficulty distinguishing these positions. The Greens, who at least reject nachruestung out of hand, are meanwhile hampered by inexperience and by popular suspicion of the policies they would adopt on jobs and other issues.

The unconvinced and the confused may be tending to wait and see, comforted by the fact the Geneva negotiations are still plodding on, and by Herr Kohl's success in showing, through the visit of Vice-President George Bush, that the U.S. is seriously interested in a solution at Geneva.

Yet the issue has merely slid down the year. Many officials in Bonn are privately convinced that there will have to be some token stationing of the new missiles to make the Soviet Union budge from its stance.

The peace movement in general, and Dr Enge in Bitburg, are planning a graduated series of protests as the deadline for deployment approaches. On the other side, the officials say that whatever cuts in the programme are made as part of a deal with Moscow, the first deadline must be kept.

The Bonn government has now received information that Italy is two months behind in its preparations for receiving the cruises. In these conditions, West Germany faces the extremely unwelcome prospect of being the only Continental European state to start stationing on time.

E. Berlin hints at talks with Bonn on visitors

By Leslie Colitt in East Berlin

EAST GERMANY has signalled to the West German Government that it might be prepared to talk about lowering the amount of money West Germans must exchange to enter East Germany.

The sum was tripled in late 1980 and has led to a 60 per cent drop in the number of western visitors to the country. East Germany might be prepared to accept another form of financial compensation from West Germany.

The hint was dropped in talks which Herr Uwe Ronneburger, the chairman of the West German parliamentary committee on inner-German relations, had with Herr Günther Mittag, a member of the East German politburo responsible for the economy.

Herr Mittag stressed that East Germany regards the currency exchange as an "economic problem." Herr Ronneburger called it "political."

Herr Mittag's remark was seen as a signal of East Berlin's willingness to talk to Bonn about finding an economic solution to this issue—particularly as the remark was made to Herr Ronneburger, a prominent member of the liberal Free Democratic Party (FDP) in the Bonn coalition government.

The FDP is emphasising, in the current West German election campaign, its role as a champion of a policy of opening lines to the East.

The West German politician told Herr Mittag that "regular consultations" should take place between the West German Chancellor and President Erich Honecker of East Germany. The latter has a standing invitation to make his first official visit to West Germany, but this is not expected to happen until the political atmosphere between the two countries improves.

Herr Mittag spoke of the importance of "continuity" in relations between Bonn and East Berlin. Herr Ronneburger said it was his impression that East Germany is playing close attention to its relations with West Germany, and that it is somewhat unsure about the present Bonn Government.

'No change' in Polish debt policy

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THE SHAKE-UP in the top management of Bank Handlowy, the foreign trade bank which handles Poland's debt negotiations with Western banks, does not portend any change in Polish policy on debt rescheduling, according to Mr Jerzy Urban, the government spokesman in Warsaw.

Mr Kazimierz Glazewski yesterday was appointed head of the bank to succeed Mr Stanislaw Kobak. It was also learnt that Mr Jerzy Malec has been appointed vice-president of the trade bank to replace Mr Jan Wolosyn, who is to become one of the two joint heads of Centrobank, a Vienna-based commercial bank in which Bank Handlowy has a stake along with four Western banks, including Kleinwort Benson of Britain.

Appointment of Mr Glazewski and Mr Malec, who have both served in the Polish national bank, prompted some speculation that the Jaruzelski Government might be trying to achieve closer co-ordination between policies on rescheduling debts with Western banks, on the one hand, and on the other, on debts to Western governments. Some observers also noted that Mr Wolosyn was never a member of the Communist party.

But the simplest explanation is that the Warsaw Government has turned to Mr Glazewski for the Western banking experience and contacts he has gained by working for the past eight years at Centrobank in Vienna, partly to offset the long expected departure of Mr Wolosyn. The latter, aged 70, wanted to retire several years ago, it is understood, but was prevailed on to stay to cope with at least the first onslaught on Poland's debt crisis.

Reuter adds from Frankfurt: A small group of Western commercial bankers yesterday began informal talks in Warsaw with officials of Bank Handlowy and the Finance Ministry, bankers said here.

The talks are aimed at establishing a timetable for fresh discussions on commercial debt rescheduling, probably taking in 1983-85 maturities, in view of this week's changes in senior management at Bank Handlowy they added.

Successor proposed for leader of metalworkers

BY STEWART FLEMING IN FRANKFURT

THE MANAGING board of IG Metall, West Germany's most powerful union, has proposed that Herr Eugen Loderer be succeeded as leader by Herr Hans Mayr, his 61-year-old deputy. Herr Loderer retires this year.

But in a move which will be widely interpreted as signalling a shift to the left in the union's policies, the board has also proposed that Herr Franz Steinkuehler, the head of the union's Stuttgart region, should take Herr Mayr's place on the board.

Assuming the full board approves this proposal, it will be put to the union's triennial conference in October. Herr Loderer has headed the union for 10 years.

Herr Mayr will only be able to serve one three-year period of office before he too has to retire at 65. In that period, Herr Steinkuehler, who will be 46 in May, is widely expected to consolidate his claim to the leadership.

He is seen by his critics in the union as a man whose hard line reflects as much his ambitions as his convictions.

Meanwhile, the West German metal industry employers yesterday raised their wage offer to 2.5 per cent. The offer was made in the third round of negotiations

Assam police killed in mishap

NEW DELHI – Assam state police yesterday shot and killed three paramilitary policemen brought into their violence-torn state from elsewhere in India to help supervise controversial elections, authorities said. The shooting was described as "a misunderstanding," AP reports.

Twenty other deaths were reported across the remote north-eastern state as the Government pressed on with preparations for the second round of voting today. The unofficial death toll from two weeks of ethnic and political upheaval reached 298, reports said.

The fatal shooting of three Central Reserve Police Force members occurred when Assam state police "due to some misunderstanding created by miscreants opened fire," a Government statement said.

The "miscreants" were not further identified nor was the misunderstanding between the two police forces. The situation was brought under control after top officials rushed to the scene of the shooting at Goapura, 130 km west of Gauhati, Assam's main city, the statement said.

An estimated 70,000 Central Reserve and other paramilitary police units have been flown and trucked into Assam from other Indian states to oversee the election, called over the opposition of a powerful movement of native Assamese agitating against outside settlers.

● India is to help Algeria to establish a wide range of engineering industries including those making light vans, tractors, cranes, machine tools, industrial piping and pressure vessels, K.K. Sharma writes.

Australian Labor outlines election platform

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN Labor Party yesterday outlined an election programme that included cuts in income tax, a boost to public works spending, continued industrial protection, and a promise to revitalise the stricken steel industry.

The plan was announced by Labor's new leader, Mr Bob Hawke, at the Sydney Opera House, it coincided with Gallup poll results showing that Labor is opening up an impressive lead over its Liberal-National Party rivals. The election is on March 5.

The net additional first-year cost of *Labor's election* proposals, Mr Hawke said, was A$1.5bn (U.S.$1.46bn). This compares with A$568m for proposals outlined by Liberal Party Prime Minister, Mr Malcolm Fraser, in Melbourne on Tuesday.

The key element of the tax package is the offer of immediate reductions in income tax for almost 6m taxpayers, with a new six-step tax scale and an increase in the tax-free threshold to A$5,000.

There would be major new concessions for small businesses, and a concerted attack on tax avoidance and evasion.

Mr Hawke repeated his vow that there would be no new capital gains tax under Labor.

On prices and incomes, he said Labor had reached an "historic accord" with the unions that would form the basis for a genuine and workable prices and incomes policy.

"The whole thrust of our policy is to attack the twin evils of unemployment and inflation," Mr Hawke said. He promised a streamlined pricing surveillance authority, stronger trade practices legislation, and a return to centralised wage fixing.

Mr Hawke said his party would maintain a viable and efficient steel industry and would immediately review the need for additional short-term help to selected industries. He added that current long-term plans for protection of the motor vehicle, footwear, clothing and textile industries would be maintained.

Labor, he said, would review the current five-year plan, but he added: "We will not squander A$1.4bn on the purchase of an aircraft carrier which will make no credible improvement to our strategic position."

Mr Hawke said it was time for "controlled, responsible stimulation of the Australian economy," and warned that the problems facing the country were "deep-seated, complex and challenging."

Yesterday's Gallup poll, in The Bulletin magazine, shows Labor leading the coalition partners by 52 per cent to 41 per cent, with 5 per cent supporting the Australian Democrats.

The poll, conducted on February 5-6, immediately after the election was called, vividly demonstrates Mr Hawke's ascendancy.

He has attacked from the start, and campaigned skilfully. In 1980, however, the Coalition partners staged a late rally in the week before the election, and neither Labor nor Mr Hawke is underestimating Mr Fraser's ability to fight back.

Repeating the rallying cry of his campaign to date, Mr Hawke said Australia needed long-term national solutions.

"Above all, we need a genuine co-operative approach between government, business and unions."

Lebanese troops under orders to shoot all Beirut 'outlaws'

BY NORA BOUSTANY IN BEIRUT

THE LEBANESE Foreign Minister, Mr Elie Salem, announced yesterday that the Lebanese army had orders to shoot anyone interfering with its control of greater Beirut, *and indicated that the order* included the Israeli army, if a conflict arose.

"The army has instructions to shoot, to act like an army and not to negotiate with outlaws," he said. "Every force that will encounter the army in the greater Beirut area, whether it is formal or informal, is in the context of Lebanese law an outlaw."

His statement followed an incident yesterday in which an Israeli patrol was involved in a 30-minute argument at a Lebanese roadblock near the residential area of Monteverdi, 5 km east of Beirut.

The Israeli military command claimed the Lebanese soldiers tried to bar the Israeli patrol from continuing, but the Israelis broke through. Lebanese *army officials, however, said the* Israeli commander was radioed and ordered to turn back.

Mr Salem emphasised that the expansion of the Lebanese army into East Beirut and its outskirts was an "internal Lebanese affair" and that the army was asked to go into Beirut on Monday "irrespective of the challenges it might face on the way."

He added that the multi-*national peacekeeping force*, made up of U.S., French, Italian and British troops, was expected to move into East Beirut as soon as word was received from their governments.

Mr Salem said he expected the number of the multi-national peacekeeping force of 4,800 men to be doubled to between 9,000 and 10,000 and the United Nations interim *force in Lebanon* (Unifil) deployed in the south to be raised from a little over 6,000 to 14,000.

Mr Salem said reports that agreement had been reached with Israel over the position of rebel commander Major Saad Haddad were incorrect.

Major Haddad has moved in force into Sidon and Nabatiyeh. But reports from Jerusalem that Lebanon and Israel have agreed that the militia of the renegade commander should be integrated into the Lebanese army, were untrue, said Mr Salem.

Thais set for World Bank loan

BY JONATHAN SHARP IN BANGKOK

THAILAND will seek, and almost certainly obtain, a World Bank loan of $175m (£113.7m) during talks in Washington from next Tuesday, Thailand Bank officials said yesterday

Unlike many World Bank loans, the funds in the Thai one will not be tied to a specific development project in Thailand, but will finance a package of measures for economic structural adjustment.

According to the Thai Government, the funds will help to cover the country's perennial trade deficit, which was about $1.7bn last year. A loan from the International Monetary Fund has also been obtained for the same purpose.

The World Bank money will also be used to try to improve Thailand's antiquated and inadequate system of tax collection, which is a cause of regular shortfalls in government revenue.

The deficiencies of the Thai tax system were embarrassingly exposed at the start of this year when a list of the country's 250 top individual taxpayers was issued. More than half the names were of foreign residents. There was a conspicuous absence of many rich Thais, who had slipped through the system's many loopholes.

The *World* Bank loaned $700m to Thailand last year, and plans are afoot to emulate that figure this year. Thailand is highly regarded by the World Bank, whose chief representative here enthusiastically refers to the country as "an economic sleeper."

India examines industrial policy

BY K. K. SHARMA IN NEW DELHI

THE Indian Government is examining *major changes in in*dustrial policy to allow the so-called large "monopoly" houses in the country to invest in selected sectors considered vital for rapid development.

Officials have discussed the possibility of drawing up a list of industries of such importance, and their recommendations will be studied by the cabinet.

The present policy is to restrict the expansion o fthe large industrial houses covered by the Monopolies and Restrictive Trade Practices Act (MRTP), which defines them as companies with assets of more than *Rps 200m (£13.3m)*.

This ceiling was fixed more than two decades ago and has effectively inhibited fresh investment. It has long been recognised that the definition is out of date, but proposals to raise the ceiling have never been acted upon.

Such companies are already allowed to expand their operations in export-oriented areas in industrially backward regions.

The proposal now being examined to liberalise the policy involves drawing up a list of sectors considered nationally *important* in which the large companies would be allowed to invest freely for a period of five years.

Industries considered so far are those in which small entrepreneurs would not have the capacity to invest, mainly capital intensive and those in which additional capacity is needed to overcome shortages. About 40 sectors have been examined, but it is thought that the final list will be much shorter.

Theer is no proposal yet to allow foreign companies to invest in the new list of industries.

Minister attacks Zimbabwe's judiciary

By Our Harare Correspondent

THE ZIMBABWE High Court has—for the second time in a week—come under fire from a government minister for its failure to convict alleged spies.

The country's main newspaper, the Herald, yesterday published an interview with Dr Herbert Ushewokunze, Home Affairs Minister, which carried a strong attack on Mr Justice Squires, who is hearing the treason case against seven leading members of Mr Joshua Nkomo's opposition Zapu Party.

In the interview, the minister accused the judiciary of double standards, arguing that the courts were acquitting people who, in the Smith government's time would have been convicted.

The minister's strong criticism comes days after Mr *Emmerson Munangagwa, minister* of state for security, criticised another judge, Mr Justice McNally for acquitting two white security police on charges of spying for South Africa.

Dr Ushewokunze's criticism has upset lawyers in Harare who are concerned at the possible implications of such a public statement while Judge Squires is hearing the vitally-important treason case.

Ethiopia liberalises investment stance

NAIROBI—Ethiopia has liberalised its foreign investment policy in what is a marked ideological change for President Mengistu Haile Mariam's Marxist leadership.

The changes, announced in the Ethiopian official gazette, mean that joint ventures will be permitted between the state and foreign investors, who could retain up to 49 per cent ownership. The government would retain at least 51 per cent.—AP

Pretoria takes cautious view of cheerful economic atmosphere

BY J. D. F. JONES IN JOHANNESBURG

LAST NOVEMBER, to the fury of the United Nations and much of the Third World, South Africa was granted a $1.1bn (£714m) IMF loan. At that time, barely three months ago, Pretoria was protesting its urgent need of balance of payments finance and a stiff dose of IMF medicine. A team from the Fund is expected here very soon and will discover that the atmosphere is transformed.

A week ago, Mr Owen Horwood, the South African Finance Minister, boldly announced the abolition of the dual exchange rate *system* in a move which has been widely seen to reflect confidence in the state of the economy.

His timing seems to have worked. There has been no panic flight of international investment; the rand has held its planned 5 per cent fall; even the Johannesburg Stock Exchange has kept its nerve. The men from the Fund may well be wondering what all the fuss was about last November.

The South Africans based their appeal to the IMF on the premise that the gold price would average $315 an ounce. The price this past month has been flirting around the $500 mark. In the third quarter of 1982 it averaged $380 and in *the fourth quarter—even* as the IMF executive directors were meeting—it averaged $427. Not for the first time, and surely not for the last, gold was the miracle worker.

The main objective of the IMF programme, on conditions which Pretoria appears to be carrying out eagerly, was to reduce South Africa's current account deficit in 1983 to SDR 1.4bn (£870m). In fact the balance of payments has turned around so fast that the deficit was eliminated by the fourth quarter of last year and 1983 is forecast to produce a current account *surplus* of Rand 2bn-3bn (£1.1bn-£1.7bn).

The South Africans themselves have remarkably little idea about what the gold price is going to do. In June 1982, when the price touched $296, nerves were badly strained in Pretoria; this is the time when the first feelers were put out to the Fund staff secretly (the directors have complained that they were kept in the dark).

Gold is still of such importance to South Africa that for policy makers, the task of directing the economy must be rather like driving a car whose steering and brakes work but whose accelerator has a life of its own.

Mr Horwood has a popular calculation—that a movement of $100 on the gold price produces a Rand 2bn movement on the balance of payments and about Rand 1bn on his ex*chequer revenue*—which illustrates the scale of the phenomenon.

South Africa's influence on the price is not what one might expect. Traditionally, the Republic's gold sales have been fairly stable, and while the Reserve Bank may intervene in the short-term (for example, it was rumoured to be prepared to withhold supplies from the market last week), it is doubtful whether it could check or reverse a fundamental price movement.

Mr Owen Horwood, Finance Minister

Whether the South African Government would have gone to the IMF if they had known what lay ahead—or if they had had more faith in the revival of gold in September and October—is fascinating but academic.

A change in the gold price has a direct impact in three ways:

● Since gold traditionally accounts for 40-50 per cent of South Africa's total exports, it has a basic importance to the balance of payments. The rising price has already transformed deficit into surplus for the 1983 current account.

As the world recession arrived in South Africa, the 1980 surplus of Rand 3bn turned into a 1981 deficit of Rand 3.7bn: hence the original *force of the argument that* there was a balance of payments "need" to justify recourse to the Fund. The 1982 figures are not yet available but the reserve bank has let it be known that, after running at an annualised rate of a Rand 6.9bn deficit in the first quarter, the situation has been reversed to an annualised surplus of Rand 1bn in the fourth quarter.

This was achieved thanks to a combination of a belated but *sharp reaction in the import* bill and, of course, the fundamentally valuable recovery in gold earnings. As the latest Standard Bank Review puts it: if the present $500 price holds for this quarter, it will yield gold earnings Rand 1bn higher for the quarter than for the second quarter of 1982. One might add that, if the price rises, if imports continue to drag, and if the western economies begin to recover and so help South Africa's non-gold exports — then the current account surplus for 1983 is going to reach Rand 3bn.

As the January figures for gold and foreign assets demonstrate, the regular revaluation of the gold content in line with the market—in January the value was increased from Rand 437 to Rand 474 per ounce—by itself led to an increase in the reserves of Rand 285m without any significant change in the volume of the holding. The rise of total reserves to Rand 4.6bn was cited by Mr Horwood as one of the main reasons for the currency move.

● Secondly, a recovery in the gold price has a direct impact on exchequer revenues and on Mr Horwood's Rand 18bn budget for 1982-83. He can now look forward to a windfall, thanks to the recovery *in the* complex system of gold-mining taxes.

In his budget last March, Mr Horwood warned that receipts from the gold mines for 1982-83 would probably fall to R900m compared with R2.2bn the previous year. It now looks as if he can expect to get roughly double that figure — which will be useful in the coming weeks when he turns to parliament for Additional Appropriations to fund departments which *(such is the expense of administering the partheid system)* are finding it hard to stick to the 11.5 per cent increases allotted them a year ago.

Similarly, as his officials will be discussing with the IMF team, a reasonable confidence that the gold price is going to stay at around $500 will be helpful as he drafts the budget he is to deliver at the end of next month.

● Third, the rising gold price has its impact on the mining industry itself. Last year the mines' spending programmes were cut right back. With the price heading over $500, expansion plans can in many cases be resumed: for example, shaft sinking at Western Holdings' R350m Erfdeel project was *inaugurated last month*, for completion in 1987. The life of marginal or dying mines can now be extended; no mine is presently taking state assistance.

All of this may seem to suggest that South Africa is riding high again. That would be very premature. Certainly, the revival of the gold price has caused something close to euphoria here (witness the behaviour of the Johannesburg Stock Exchange in recent months, where the All Golds Index tripled between June 1982 and January 1983).

But Mr Horwood and his officials have had to continue to emphasise that 1983 is going to be a difficult year. Most economists are still forecasting negative growth rate for the year, exports are stagnant and consumer confidence is still falling.

Dr Joep de Loor, the Director-General of Finance, tried to put thinks in perspective the other day when he warned: "As long as the present international recession continues it would be unrealistic to expect an upswing of any significance in the South African economy." And, he added cautiously, South Africa doesn't influence the *gold price*...

U.S. industrial output up 0.9% during January

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration yesterday ganied fresh backing for its claim that U.S. economic recovery is under way with news that industrial production had risen by an estimated 0.9 per cent in January. It was the best showing since an adjusted 1.6 per cent rise in February 1982.

The January increase, which followed a revised 0.1 per cent rise in December, was taken by some economists as showing that the fourth quarter of last year had marked the end of recession.

Announcing the latest figures, the Federal Reserve Board said that if November was the last month of recession, industrial production would have fallen 12.4 per cent from the start of the downturn in July 1981—against a decline of 13.5 per cent in the 1974-75 recession.

The Fed told Congress that its Open Committee was projecting an increase in real GNP of 3.5 to 4.5 per cent in the fourth quarter of 1983 over the fourth quarter of 1982 as "*a central tendency*." The full range of possible estimates was wider, at 3.0 to 5.5 per cent, it said.

Mr Martin Feldstein, chairman of President Ronald Reagan's Council of Economic Advisers, told another Congressional committee that the outlook was still uncertain, but that the Administration was expecting growth of 3.1 per cent over the same period.

Mr Feldstein said that this was a "balanced and cautious" forecast. He thought that it would still be some time before it is certain that recovery has begun, because interest rates were still high and the strength of the dollar was having a major effect on trade.

The Fed said that in both December and January there had been large increases in the output of motor industry products and defence and space equipment. In January, the production of construction supplies and of basic metals, particularly steel, also advanced sharply.

The increases over the last two months followed a fall of 0.7 per cent in November and an original forecast of a decline of 0.1 per cent in December.

Reagan 'preparing to run in 1984'

LOS ANGELES — President Ronald Reagan is clearing his 1984 calendar for a re-election campaign, and congressional candidates in his Republican Party have been advised not to rely on his help in 1984 because he will be busy with his own re-election effort.

Mr James Baker, the White House chief of staff, was quoted in the Los Angeles Times yesterday as saying that he had clear Mr Reagan's calendar after conferring with the President, who will be almost 74 when his current term ends, and other White House staff.

"I told the president what I was going to do, and he said, 'fine,'" Mr Baker said. This approval was "an objective sign" that Mr Reagan will run for re-election, the chief of staff said.

AP

Conoco cuts price of crude by $1

By Ray Dafter, Energy Editor

CONOCO yesterday cut the price of its U.S. crude oil by $1 a barrel, putting further pricing pressure on the international oil industry.

The company is the latest in a line of U.S. oil companies—behind Texaco, Phillips, Ashland and Marathon among others—to lower prices in the face of depressed demand and low spot market rates.

The reduction means that the price Conoco is willing to pay for West Texas Intermediate oil is now $30.

This is the second $1 price cut within the past few weeks, reflecting the general declining value of crude oil to refiners.

Internationally, the oil market is in a state of pricing limbo and members of the Organsation of Petroleum Exporting Countries are waiting for British National Oil Corporation

Mexican economy 'to shrink 3.2% this year'

By William Chislett in Mexico City

MEXICAN gross national product will decline by 3.2 per cent in real tertus this year, after 0.7 per cent negative growth in 1982, and the inflation rate will only fall from 98.8 per cent to 74 per cent, according to the latest report on the country by Wharton Econometric Forecasting Associates of the U.S.

Wharton's detailed macroeconomic model of Mexico, based on official figures, takes into account a $2.25 drop in the average price per barrel of Mexican oil, which accounts for 80 per cent of export revenue. Oil analysts, however, are predicting that the price could drop further.

Such a drop would mean that Mexico would earn $15.27bn from oil this year—$347m less than in 1982. Wharton is basing this figure on expectation that Mexico would export 1.6m barrels per day (b/d)—100,000 b/d more than in 1982.

Wharton believes that a price fall of such a size would not be a big problem for Mexico in its efforts to stick to its austerity programme, worked out with the International Monetary Fund (IMF). The forecast says that the effect of the drop will be more than offset by a decline in international interest rates.

On the basis of present U.S. prime and Libor rates, Wharton estimates that Mexico will save $2.4bn in interest payments this year on its public sector's $69bn foreign debt. Service of the public sector debt will cost $7.55bn, compared to the $10bn which it reckoned in its last report in November, Wharton calculates.

The current account deficit will come down from $3.5bn in 1982 to $2.8bn, which would be within the IMF's parameters, the forecast states.

The main problem ahead, says Wharton, is a dramatic increase in unemployment, which is one consequence of sticking to the IMF programme for mending the economy.

Despite the government's new programme to create 700,000 new jobs in depressed areas this year, the number of jobs will fall by 0.5 per cent, when a rise of about 4 per cent is needed just to hold unemployment at its present level. Mexico's birth rate is very high and more than 40 per cent of 20.3m people in the labour market are without regular jobs.

Reginald Dale in Washington on Tuesday's Democratic primary in Chicago

Daley Jr battles for the Boss's fief

FOR 21 YEARS, until his death in 1976, Mayor Richard Daley of Chicago ruled the U.S.'s second largest city like his own personal fiefdom. His name became synonomous with an all-powerful political machine. Presidents courted his favours. "Boss" was the simple title of one of his biographies.

Now his eldest son has come to try to claim the family inheritance — as everyone in Chicago had always expected. He is not, however, finding it so easy.

The contest that Mr Richard Daley Jr has to win is the Democratic maqoral primary in which voting takes place on Tuesday. The winner then has to officially go through the hoops on April 12 against a token Republican challenger — in this case Mr Bernard Epton, a 61-year-old insurance lawyer. The result is considered to be a foregone conclusion. Chicago does not have Republican mayors—or at least it has not since 1931.

Mr Daley's problem is that Chicago already has a Democratic mayor, Mrs Jane Byrne, and she does not remotely entertain the thought of abdicating in favour of the heir apparent.

On the contrary, Mrs Byrne has used her four years in office to amass a campaign chest of nearly $10m, an amount unmatched even in many presidential primaries. She has perhaps $4m to $4.5m left to spend on her bid for re-election. Mr Daley has gathered a more modest $1.5m to $2m.

Mrs Byrne, 47, has built up her own city hall machine, admittedly less powerful than the once all-embracing Daley juggernaut, and has ousted

Mayor Byrne: own city hall machine

Daley supporters like a cuckoo taking over another bird's nest. Recent opinion polls show her drawing ahead after a period in which she and Mr Daley were running neck and neck with between one-third each of the potential vote.

It is not, however, a two-horse race. Mr Harold Washington, a 60-year-old Congressman, is bidding hard to become the city's first black mayor. Earlier polls put him in third place, with perhaps 15 per cent of the vote, although one of the more recent shows him edging in front of Mr Daley.

But Chicagoans are distrustful of opinion polls since last November's race for Governor of Illinois, in which Mr James Thompson, the Republican incumbent, scraped home by only the narrowest of margins after the polls had shown him leading by as much as 20 percentage points.

Mr Washington's main problem is a shortage of campaign funds—he probably has considerably less than $1m—and a tradition that has given blacks much less political power than their 42 per cent share of the city's population would justify. Whites account for 41 per cent—making everyone a minority, as one local politician has put it. Mr Washington is hoping that a black voter registration drive inspired by the Democratic Party last year will help tip the balance.

Issues in the campaign so far have tended to be less important than personalities. Mr Washington has accused Mrs Byrne of mismanaging the city and both his opponents of racism, but he has not made it a major theme. Mr Daley, a 40-year-old lawyer with a string of local elected offices behind him, looks and even speaks like his famous father, but does not trade excessively on the name. In Chicago, he does not need to.

The controversial Mrs Byrne is exploiting her incumbency to the full, while admitting, in a TV commercial, that she has made some "big mistakes" in the past. She has a flare for publicity that constantly gets her photo on the front pages in a newspaper-conscious city. When the sick and injured are picked up from city streets, they are handed cards with her picture saying that the first aid comes with compliments of the mayor.

As an obscure city department head, and a former insider in the Daley machine, she spent just $125,000 to upset the former mayor, Mr Michael Bilandic, in 1979. Since then, she has lavished money on charities and good works, and in the election run-up produced 3,800 temporary public works jobs, free ham for the poor at Christmas, the biggest street resurfacing programme in the city's history and more frequent rubbish collections.

"I expect that by February," Mr Daley complained, "you'll be able to open your door, toss out your garbage and someone will be there to catch it."

More seriously, Mrs Byrne claims to have restored the city's finances to a healthier position than that of any other major U.S. city, after inheriting a mountain of problems, and without a major tax increase. The city's credit rating is riding high.

Her enemies accuse her of impatience and irritability. In her first term, they say, she went through three police superintendents, three chiefs of staff, three planning directors, four budget directors and five Press secretaries.

The Chicago Tribune, endorsing Mr Daley, calls her "a combative and unpredictable bully." There was serious concern both at home and across the nation about whether Chicago was still a good place to live and do business, it said.

National Democratic leaders have been jumping on the bandwagon, although sceptical Chicagoans are not sure what good it will necessarily do them. In payment of political debts, Mr Teddy Kennedy has endorsed Mrs Byrne, while former Vice-President Walter Mondale, the front-running Democratic candidate for 1984, has given his support to Mr Daley. Mr Mondale's move upset black leaders in the city, prompting Senator Alan Cranston of California, the first Democrat to declare officially for the next presidential race, to announce his support for Mr Washington.

Senator Gary Hart of Colorado, another 1984 hopeful, was reduced to remarking that as each candidate now had his own backer, he would support all three. It is hard to see how he can be wrong, even if he also wins the top prize for cynicism.

VOLCKER TESTIMONY TO CONGRESS

Fed tries to reconcile stability and growth

BY PAUL TAYLOR IN WASHINGTON

Mr Paul Volcker, the Federal Reserve Board chairman, yesterday reviewed U.S. monetary policy in 1982, and told the Senate banking committee of the Fed's monetary targets for 1983. The following is an excerpt from his remarks:—

"OUR objective is easy to state in principle — to maintain progress towards price stability, while providing the money and liquidity necessary to support economic growth.

"In practice, achieving the appropriate balance is difficult, and a full measure of success cannot be achieved by the tools

"The year 1982 amply demonstrated some of the problems facing monetary policy during a period of economic and financial turbulence, and the need for judgment and a degree of flexibility in pusuing the objectives we set for ourselves.

"In establishing its various target ranges at the start of 1982, the Federal Open Market Committee specifically noted that a number of factors, institutional and economic, would affect the relationship of monetary and credit growth to the GNP, and contemplated that M1, in particular, could deviate from expected patterns for a time in the event of economic and financial uncertainties fostered by unusual desires for liquidity.

"In the event, M1, after moving close to and within the *target range around mid-year*, grew much more rapidly later, ending the year with growth of about 8½ per cent, substantially higher than in 1981, and above the target range.

"Both M2 and M3 tended to rise through the year somewhat more rapidly than the targets contemplated, averaging in the final quarter about ¾ per cent above the upper end of the target range.

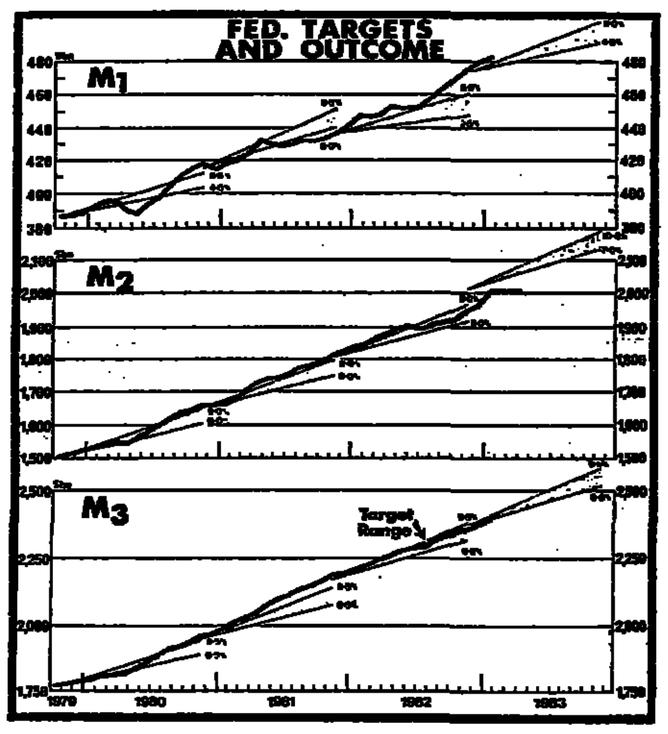
"In the light of the clear indications that velocity was declining more rapidly than in earlier recession periods, the absence of recovery during 1982 and recurrent strains in the financial markets, 'above target' growth was accommodated in the conviction that policy, in practical effect, would otherwise have been appreciably more restrictive than intended in setting the targets.

"An important further consideration during the final quarter was that some of the monetary aggregates were greatly influenced by purely institutional factors.

"In setting out our monetary and credit objectives for 1983, the Federal Reserve has had no choice but to take into account the fact that 'normal' past relationships between money and the economy did not hold in 1982 and may be in the process of continuing to change. Part of the problem lies in the ongoing process of deregulation and financial innovation that has resulted in a new array of deposit and financial instruments, some of which lie at the very *border of 'transactions'* and 'savings' accounts, defying clear statistical categories.

"Perhaps more significant over longer periods of time, both economic and regulatory change may affect trend relationships. Both declining rates of inflation and the growing availability of interest on transaction account at levels competitive to market rates could induce more holdings of cash relative to other assets over time. The payment of interest rates on transaction accounts could also affect the cyclical pattern of M1. The border aggregates, by their nature, should be less sensitive over time to innovation, since they encompass a much broader range of assets, but the phased elimination of rigid ceiling interest rates has changed cyclical characteristics.

"All of this has greatly complicated the job of setting targets for 1983. In setting the ranges, the committee believed that monetary growth during the year would need to be judged in the light of developments, with respect to economic activity and prices, taking account of conditions in demostic credit markets and internationally.



"Members of the FOMC and other reserve bank presidents participating in our discussions generally look toward moderate recovery in 1983 in a context of declining or stabilised inflationary pressure. While the individual forecasts vary over a considerable range, the majority anticipates real growth in the 3.5 to 4.0 per cent area over the next four quarters of 1983, fractionally higher than the Administration forecast.

"Nearly all expect the deflator to rise less rapidly than the 5.6 per cent projected by the Administration. Projections of nominal growth are mostly in the 8 to 9 per cent area. In approaching its policy judgments, I believe the committee recognised the desirability of achieving and maintaining a lower level of interest rates to encourage growth but felt that this could only be realistic in a context of building on the progress already made against inflation.

"Efforts to force interest rates down at the expense of excessive liquidity creation could not be successful for long.

"Against all this background, the committee decided that, for the time being, it would place substantial weights on the broader aggregates, M2 and M3, in the belief that their performance relative to economic activity may be more predictable in the period ahead.

"The target range for M3, which is least affected by institutional change, was left at 6½ to 9½ per cent, measured from the fourth quarter of 1982 to the fourth quarter of 1983.

"The target for M2 was set 7 to 10 per cent and the base was shifted to the February/March average of this year to minimise the institutional distortions.

"The M1 target was widened and set at 4 to 8 per cent. Less emphasis has been placed on the M1 target in recent months because of institutional distortions and the apparent shift in the behaviour of velocity.

"The degree of emphasis placed on M1 as the year progresses will be dependent upon assessment of and the predictability of its behaviour, relative to other economic measures and the range may subsequently be narrowed.

"In addition, the committee set forth for the first time its expectations with respect to growth of total domestic non-financial debt, and felt that a range of 8½ to 11½ per cent would be appropriate. Data for such a broad credit aggregate are not yet available monthly, nor are the tools available to influence closely total flows of credit.

"While the credit range during this experimental period does not have the status of a 'target,' the committee does intend to monitor developments with respect to credit closely for what assistance it can provide in judging appropriate responses to developments in the other aggregates. The range would encompass growth of credit roughly in line with nominal GNP in accordance with past trends; the upper part of the range would allow for growth a bit faster than nominal GNP in recognition of some analysis suggesting a moderate increase in the ratio of debt to GNP may develop.

"I neither bewail nor applaud the circumstances that have put a greater premium on judgment and less 'automaticity' in our operations; it is simply a fact of life. In making such judgments, the basic point remains that, over time, the growth of money and credit will need to be reduced to encourage a return to a reasonable price stability. The targets set out are consistent with that intent.

"The basic rule we must observe is that the sustained forward progress of the economy is dependent on a sense of price and financial stability—and without it we will undercut the growth we all want. That objective, as I have emphasised, will require that we avoid excessive growth of money and credit because, sooner or later, that growth will be the enemy of the lower interest rates and stability we need."

Iraq asks Turkey for 2-year loan to finance imports

BY METIN MUNIR IN ISTANBUL

IRAQ, WHICH is experiencing increasing payment problems, has asked Turkey for a two-year revolving loan to finance its imports from that country.

The request is reported to have been put to the Turkish Government by Mr Taha Yassin Ramadan, the Iraqi First Deputy Prime Minister. Mr Ramadan, who arrived in Ankara at the head of a large trade delegation on Tuesday, met Mr Bulent Ulusu, the Turkish Prime Minister, yesterday.

Iraq sold Turkey some $1bn (£666m) worth of crude oil last year and bought an estimated $800m-worth of Turkish exports.

These figures put Iraq among Turkey's principle trading partners. Consequently, Turkish exporters who were hoping to increase sales to Iraq in 1983 stand to suffer if the Government fails to find a formula to meet the Iraqi request for a loan.

According to officials, Ankara offered Iraq a four-month revolving loan, which the visiting delegation found inadequate.

The tactic which Ankara seems to be following is to extend the maturity of the loan to the extent that the Iraqis bring down the price of oil which they sell to Turkey. This was valued at $34 a barrel, and is fixed in an agreement made before the drop in world prices of crude.

The Turkish Central Bank has no discounting system. Furthermore, if the Central Bank were to guarantee exports to Iraq and make payment to Turkish exporters in Turkish lira, it would endanger its anti-inflationist monetary policy supported by the International Monetary Fund.

The central bank has recently approached some foreign banks and proposed that they finance Turkey's exports to Iraq. Some banks are said to be considering this favourably, but insisting that the central bank provide a counter-guarantee.

One major Turkish export house said it had recently agreed to sell Iraq $34m-worth of meat on a credit basis. Iraq made a 15 per cent down-payment and promised full payment over a year.

Developments on another front, reported by Turkish companies, emphasise the growing foreign currency famine in Iraq—an outcome of the war with Iran and depressed demand for crude oil. Foreign contractors operating in the country were told that they must

- provide project loans for new contracts and
- accept deferred payment for ongoing work

One Turkish contractor said it was told by Iraqi officials that they would be willing to issue letters of credit with deferred payment conditions.

Swiss metal industry orders at all-time low

By John Wicks in Zurich

ORDER BOOKS for the Swiss metals and machine-building industry, most of which come from abroad, were the thinnest on record at the end of 1982, according to the Association of Swiss Machine-Builders (VSM).

Work on hand registered by 260 VSM member companies was equal to only 5.9 months' production, compared with 9.8 months in the boom year of 1974. In no major product sector are orders sufficient to cover average production times. Textile machinery and machine tools are particularly affected, with orders for only 4.02 and 6.83 months' output, respectively.

Exports rose in normal terms by 2 per cent last year to some SwFr 23.8bn or 1 per cent in volume. Owing to inflation, export value showed a decline in real terms. This was even more marked for the correspondnig imports, which actually fell in nominal terms by 3 per cent to SwFr 21.4bn.

The situation showed no improvement in the final quarter of last year, when export orders recorded by 200 of the leading VSM companies were down 19.7 per cent on the same period of 1981.

Stewart Fleming examines the crisis decisions looming for West German shipyards

Need to rationalise grows desperate

WEST GERMANY'S shipbuilding industry is preparing itself for a period of brutal rationalisation. The move comes in the face of a further dramatic slump in shipbuilding orders, and the prospect that no recovery in the industry can be expected until towards the end of the decade.

The clearest sign so far of the mood in the North German shipyards came earlier this week when two of the five leading companies, Bremer Vulkan and AG Weser, announced that they are in talks aimed at finding a basis for co-operation.

Both companies, for different reasons, are not spelling out precisely what they mean by this, but they have made it clear it will probably result in the loss of 1,000 jobs, and a cut of perhaps one-third in new shipbuilding capacity.

The fact that the co-operation plans should be accompanied by a plea for a further DM 150m (£40.3m) of government aid has also come as little surprise.

After years of subsidising the shipping and shipbuilding industries, so providing artificial life support systems for many yards, local and national governments are being called in to help pay the burial costs of redundant capacity.

The timing of the appeal, ahead of the March 6 general election, also appears to be rather more than accidental.

The Bonn Government has already agreed to provide substantial emergency aid to the steel industry, as well as an unexpected subsidy to Alcan, the Canadian aluminium company, in order to help it keep a West German smelter operating.

Although an early decision to provide Government support is not certain, it will be tempting for national politicians to make a few pre-electoral promises. The Bremen area is suffering the highest unemployment rate in the country—12.8 per cent—and there are votes to be won and lost on the shipyard issue.

The risk, however, involves setting uncomfortable precedents for restructuring in the yards which will have to involve more than just Bremer Vulkan and AG Weser.

How desperate the situation is becoming can be judged from the fact that the co-operation talks between the two companies, if they result in agreement, could lead to the first joint rationalisation moves by two of the five biggest shipyards in the country since 1967.

This is not to say that internal rationalisation moves have been avoided since the shipbuilding industry went into a nosedive after the 1973-74 oil price explosion.

The West German Shipbuilding Industry Federation estimates that since 1975, the hours worked in the shipyards have fallen by 50 per cent and the number of building berths in operation by 25 per cent.

In the past few months, however, it has become increasingly clear that this is not enough of a rundown. In the world shipbuilding industry as a whole last year, new orders for merchant ships fell to 17m dwt from 31m dwt in 1981.

The Shipbuilding Industry Federation estimates that in West German yards there was a 26 per cent slump in new orders.

Alongside that slump has come fierce price competition. The federation suggests that Far East shipbuilders cut prices for new tonnage last year by around one-third in an effort to fill their order books.

They believe these efforts have been directed not only at attracting orders for less complex types of ships, but also at the market for the more sophisticated merchant vessels on which West German yards have been concentrating.

West German shipbuilders complain that, increasingly, West German shipping concerns are placing orders outside West German yards, in order to improve their competitive position.

For the bigger West German shipyards, the slump in orders has been that much more damaging because it has hit orders for big ships especially hard. Unless they have undertaken substantial reorganisation programmes, which some, such as AG Weser, have done, the bigger yards find it hard to bid competitively on orders for smaller ships.

The net result is that, in general, the bigger West German yards are suffering most, while the situation among the smaller and medium-sized companies is, in general, thought to be rather better.

For yards such as Bremer Vulkan, the long slump in the industry since 1973-74 has also taken its toll on the company's reserves, so that the costs of reorganisation present an almost impossible burden.

At the end of 1981, the company was forced to sell buildings and assets to raise funds to cover its losses. These measures, coupled with the acquisition by the State of Bremen of 25.01 per cent of its capital from the major shareholder, the Dutch concern Thyssen-Bornemisza, helped the company raise DM 72.6m

Even so, it declared a net loss of DM 7.6m on sales of DM 467m. The company had last reported a profit in 1977, when its sales revenues were DM 808m.

For Thyssen - Bornemisza, which in the 1970s owned 75 per cent of Bremer Vulkan, the further cut in its shareholding, which reduced it to 25.01 per cent too, must have been a welcome escape.

But at the end of last year, Bremer Vulkan had to undergo a capital reconstruction which involved the two big shareholders, Thyssen - Bornemisza and the State of Bremen, pumping in a further DM 26m and raising their shareholdings to over 30 per cent each.

Now, the Dutch concern has stated it is not prepared to put any more money into Bremer Vulkan. Krupp, owner of 86.4 per cent of AG Weser, has said the same, after terminating a contract last year with its subsidiary which required it to absorb the shipyard's losses.

WEST GERMAN SHIPBUILDING INDUSTRY

	1977	1978	1979	1980	1981
Shipbuilding production (DM bn)	6.3	5.0	3.4	3.4	4.5
of which new buildings	5.5	4.2	2.4	2.5	3.0
Labour force	70,000	64,500	57,600	57,000	57,000

(Production includes new buildings of ocean going and inland waterway vessels, repairs and conversions.)

Source: Federation of the German Shipbuilding Industry

SAA to suspend some African routes

BY BERNARD SIMON IN JOHANNESBURG

SOUTH African Airways (SAA) is to suspend all air services to Botswana, Swaziland, and Lesotho in April. The airline currently has about 13 flights a week to the main towns in these countries.

The South African Transport Minister, Mr Hendrik Schoeman, said the services "have become uneconomic." An SAA official denied that political motives lay behind the decision, and said that SAA's services to other black African countries, such as Zambia and Zimbabwe, would continue.

Nonetheless, the announcement comes just two months after SAA temporarily suspended flights to the Lesotho capital, Maseru, for security reasons following a South African defence force raid on the town.

An Air Botswana official said the route between Johannesburg and Gaborone is profitable and that the airline has no intention of withdrawing from it. On the other hand, Lesotho Airways said profitability on the Johannesburg-Maseru route is "touch and go."

SAA is currently negotiating with the airlines of the three countries to take over its services. Lesotho Airways is planning to buy or lease a 44-seat aircraft to increase its capacity.

Gatt set to consider EEC-U.S. farm trade row

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE RUNNING farm trade dispute between the EEC and the U.S. re-surfaces at the General Agreement on Tariffs and Trade (Gatt) in Geneva on March 1 when the two sides start talks on subsidised U.S. sales of wheat flour to Egypt.

The talks, which take place under the provisions of Article 12 of the Gatt code governing the use of subsidies in exporting, are the first stage of what could be a lengthy formal process of conciliation or dispute settlement.

By the time the talks start, the U.S. and the EEC should have received the report of an arbitration panel, set up by Gatt at a U.S. request, on a complaint by U.S. producers that the EEC is subsidising its wheat flour sales.

The two cases, dealing with a specialised section of the international farm trade market, are part of a wider dispute. This springs from the U.S. perception that its producers are hurt by the EEC's sale of surplus products on the world markets at prices lower than EEC internal prices.

To retaliate against subsidised sales, the U.S. has been making limited use of a funding technique blending commercial and soft credits to encourage its own exports.

When it won a contract to supply Egypt with 1m tonnes of wheat flour, effectively freezing the EEC out of that market for a year, the EEC took the case to the Gatt.

If next month's talks fail to reconcile the two sides, the EEC will probably request the setting up of an arbitration panel

Such a panel is on the verge of reporting on a complaint lodged a year ago with the Reagan Administration by U.S. wheat flour producers. The U.S. took the complaint into the Gatt, alleging that EEC sales were undercutting the U.S. and were in breach of the subsidies code.

It is one of a number of complaints of a similar nature covering poultry, sugar and pasta—a panoply of cases which has led the EEC to feel that it is being harassed by aggressive U.S. trade diplomacy.

Caterpillar in venture to build Indonesian plant

PEORIA, Illionis – Caterpillar Tractor, the leading U.S. manufacturer of construction and mining machinery, plans to build a manufacturing plant in Indonesia but has postponed the start of production at a completed plant in Mexico because of uncertain economic conditions.

Caterpillar said it had won approval from the Indonesian Government to form a joint venture company with PT Trakindo Utama.

The plant, near Jakarta, will manufacture components and assemble selected earth-moving machines, the company said.

The construction of the plant will begin soon, it added, but declined to reveal the cost of the project. Assembly operations are expected to begin in late 1983.

Caterpillar said Indonesia, the world's fifth most populous country, was "a large and growing market," and it noted that the Indonesian Government was expected soon to make it impossible for imported equipment to compete with locally produced machines. Caterpillar said it was seeking other potential partners so that the project in Mexico could move forward. The current joint venture partner, Cydsa, has decided to pull out of the arrangement.

Last month Caterpillar announced a loss for 1982 of $180m, its first annual deficit for more than 50 years.

AP-DJ

UK loan for Oman

THE EXPORT Credits Guarantee Department has guaranteed a £4.2m loan and a $4.7m loan which Morgan Grenfell has made available to the directorate general of finance of Oman to finance contracts between George Wimpey International and Wimpey Alawi in Oman. The loan of £4.2m will help finance construction of a parade ground and barracks. The second loan for $4.7m will help finance construction of a housing complex.

Japanese electronics

Nippon Electrics (NEC), the Japanese electronics company, operates a large semiconductor plant in Scotland, and J2T, a joint venture between JVC, Thorn EMI and AEG-Telefunken, which makes video recorders in Berlin, also produces video recorders in southern England. These were omitted from a story on Japanese electronics investment in Europe which appeared in the Financial Times on February 14.

UK NEWS

Works closures threaten 4,500 rail jobs

BY HAZEL DUFFY AND LISA WOOD

A MAJOR programme of redundancies and closures in British Rail Engineering is expected to be conveyed to rail union leaders today at a meeting of the Rail Council, the top-level management/union body.

It will involve the loss of at least 4,500 jobs, and will include the closure of Shildon in County Durham and most of the Horwich plant near Bolton. Shildon is expected to remain open until the end of next year, and Horwich until the end of this year.

A smaller works at Stratford, east London, is also on the list, and another works – so far unspecified – is expected to be closed to bring capacity more into line with the anticipated order book.

The programme differs from that put forward by the management of BR Engineering last spring, which proposed that nearly 2,000 jobs would also go from Swindon and Derby locomotive works.

That programme met intense opposition from the rail unions, and particularly from the National Union of Railwaymen (NUR) to which about half the BR Engineering workforce belongs. It was shelved by BR management in the hope of averting the NUR strike which was looming at that time.

The whole relationship between BR and BR Engineering was examined in the report of the Serpell committee into the future of BR.

BR Engineering workshops build and maintain rail locomotives, carriages and wagons. BR is the only railway operation in Europe which has its own equipment building facilities. The Serpell report suggested it might be better if BR bought some equipment, including locomotives, from abroad.

Rail equipment has become increasingly sophisticated in the past few years requiring less maintenance and this has led to a big drop in demand for BR Engineering facilities.

The problem is particularly acute with wagons, where efforts to win sufficient export orders to maintain capacity have had only some success.

● Distillers Company (DCL) has announced a major cutback at its malt whisky distilleries and a reduction in its grain distilling output with a total loss of 530 jobs.

The job losses are the largest number to be made by any one company within the industry at one time according to the Scotch Whisky Association.

DCL is the biggest employer in an industry suffering from a worldwide slump in demand. It said there was a need to cut back on production of malt and grain whisky in order to ensure that stocks of maturing whisky were brought more into line with estimates of future requirements. The company accounts for 40 per cent of the world's Scotch whisky market.

World sales of Scotch were down by 10 per cent in 1982 on 1978 which was the industry's peak year. The UK market, which accounts for 16 per cent of total sales, was down 20 per cent last year on 1979.

N. Sea work for 1,000

BY OUR ENERGY EDITOR

JOBS will be created for about 1,000 offshore workers as a result of a £20m contract placed by Mobil North Sea.

The order, for engineering work on the new Beryl B oil production platform in the North Sea, has been placed with AOC International, the UK company responsible for oil-related interests of the Fred Olsen Group.

AOC is to recruit several hundred skilled offshore workers to supplement existing staff for the year it will take to accomplish the work. About 1,000 people will be employed on the project with up to 450 of them stationed on the platform at any one time.

Earlier this week AOC announced that it had won two other major North Sea orders. These could create about 400 new jobs in the UK.

Attack on sale of new port shares

By Dominic Lawson

THE SALE of shares in state-owned Associated British Ports (ABP), the largest ports operator in Britain – was handled with a blatant disregard for the public interest, Mr Albert Booth, the Shadow Transport Secretary, claimed in the House of Commons yesterday.

Mr Booth said the sale was part of a "vicious, doctrinaire attack" on a nationalised industry which had profitably run 19 ports.

Shares in ABP rached 138p when the London Stock Market closed yesterday at which price the company was capitalised at £55.2m – a premium of 23 per cent over the £44.8m price tag chosen by the Government.

The shares had been offered by the Government at 112p and began life at 130p when dealing began yesterday morning. Mr Booth said ABP, formerly called the British Transport Docks Board, had invested more than £100m over 10 years in a public asset without drawing on the public purse or borrowing in the market.

Mr David Howell, Transport Secretary, had totally disregarded the advice of the Commons Public Accounts Committee – in the wake of controversy over the sale of Amersham International – which had urged the Treasury and other government departments to avoid a repetition of large windfall profits at the taxpayers' expense.

The Government had given an undertaking that it would obtain the full market value for ABP, but it was "crystal clear" that it had failed, he said.

Mr Keith Stuart, chairman of ABP, disagreed that the company had been undervalued by the Government.

"It was the right price for the shares, given that the Government wanted to privatise us now, rather than when trading shows signs of an upturn."

It is believed that about half of the 19.6m shares sold by the Government changed hands on the first day of dealing.

A Post Office error left the City of London facing a 24-hour delay on Tuesday for dealings to start

The Post Office admitted that one of the mail bags containing letters of successful applicants had been wrongly directed at a sorting office.

INQUIRY BEGINS INTO WATER DISPUTE

Strike law to be considered

FINANCIAL TIMES REPORTERS

THE GOVERNMENT is to reconsider introducing legislation to outlaw strikes in essential public services as a result of the national water strike.

Mr Norman Tebbit, the Employment Secretary, said yesterday: "There may be a case for future legislation in this field. My mind is not closed to that."

Mr Tebbit also said that steps might be taken to withdraw legal immunities from strikers if they had not followed "procedure agreements," such as a clause committing both sides in a dispute to binding arbitration.

"There may well now be considerable public support for action in the essential services," he said, "and it may be some ideas should be canvassed again."

Legislation would not be considered until after the next general election. But there is no doubt that Mr Tebbit is showing considerably more interest than before in such measures.

A committee of inquiry into the pay dispute in the water industry will begin taking evidence today. Its chairman, whose appointment was announced yesterday, is Dr Tom Johnston, principal and vice-chancellor of Edinburgh's Heriot-Watt University.

His chairmanship was only agreed after considerable dispute between the water employers and unions. He has had a long involvement in arbitration and wages council work and carried out an inquiry into staff representation in the clearing banks four years ago.

The employers' nominee for the inquiry is Mr Michael Bett, board member for personnel and industrial relations at British Telecom. Only last week, he was one of four businessmen appointed by the Government to head an inquiry into the National Health Service. He served on a committee of inquiry into the prison service.

Mr Bill Keys, a senior figure in the Trades Union Congress (TUC), is the union nominee. He is joint general secretary of the print union Society of Graphical and Allied Trades '82.

Both employers and union have made concessions in the terms of reference for the inquiry.

For the employers, the crucial omission is any suggestion that the findings should be binding on all parties. This is a key concession, although both sides have given assurances that they accept the idea of resolving the dispute through the inquiry.

For the unions, the terms fail to include specific mention of their central claim – their relative position in the manual workers' earning league.

Lawsuit for £75m dismissed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THREE multinational companies, whose joint venture in worldwide petrochemicals trading ended in financial disaster, have defeated a renewed attempt to sue them in the English courts for £75m.

The Court of Appeal yesterday refused to allow the liquidator of the joint venture company, Multinational Gas & Petrochemical, to serve the proceedings on the joint venturers – all of which are foreign-based – outside England.

The liquidator alleged that the liability for the failure of Multinational, a Monrovian company, and for its massive losses, rested on those who had set it up.

They were Philtankers, a wholly-owned Liberian subsidiary of Phillips Petroleum, Société Anonyme De Gerance Et D'Armement (Saga), a French company, and Bridgestone Liquefied Gas, one of the largest Japanese distributors of liquefied petroleum gas.

They set up Multinational in 1970, Philtankers and Saga each held 40 per cent of the shares and Bridgestone 20 per cent. Each nominated its directors. Multinational was wound up in 1978.

In December 1981, the High Court discharged an order giving the liquidator leave to serve the joint venturers and the nominated directors outside the jurisdiction.

Dismissing the liquidator's appeal, Lord Justice Lawton said yesterday that, after Multinational had begun making a small profit, its directors changed their trading policy. They decided to acquire gas tankers for employment on the spot market.

The market turned against them; they got into financial difficulties and had to cease trading.

In October 1977, the estimated deficiency as regards Multinational's creditors was £113.8m. Its only asset in the UK was between £300,000 and £400,000 in bank accounts.

The judge said that Multinational's failure had been a financial disaster for its creditors. Some, alleged to have suffered losses of £75.4m, acted through the liquidator in wanting to make the joint ventures discharge at least some of Multinational's liabilities.

The only way, the judge said, to get at the three oil companies was by alleging that they and their nominated directors failed to perform some duty owed to Multinational.

It was not alleged that they exceeded their powers, or acted in bad faith, but that they made highly speculative decisions that could not be said to have been within the scope of reasonable business judgment.

Those decisions had been made in New York, Paris or Copenhagen, where the Multinational board had met, and not within the UK jurisdiction. The damage they were said to have caused occurred outside the jurisdiction.

Lord Justice Lawton said that when the joint venturers required Multinational's directors to do certain acts, they became the acts of Multinational. The company's liquidator could not now, therefore, complain about what, in law, had been its own acts.

He said there were no grounds for holding that the joint venturers, as shareholders, were under any duty of care to Multinational.

Lord Justice Dillon agreed that the appeal should be dismissed. Lord Justice May dissented. He said that, apart from board meetings, all Multinational's activities had been carried on in London through its English agent company, which gave the action a substantial connection with the UK.

The liquidator was refused leave to appeal to the House of Lords.

Authorities urged to intervene in exchange markets

BY JEREMY STONE

PROFESSOR Alexandre Lamfalussy, of the Bank for International Settlements (BIS), said yesterday, "No single price weighs so heavily on the allocation of economic resources as the exchange rate; even the price of oil is less important."

He was speaking at a Financial Times conference in London on foreign exchange risk.

The considerable volatility of exchange rates that had developed under the regime of floating rates, he said, had created a climate of uncertainty. That was bound to have an adverse impact on decisions concerning investment, production and trade.

Professor Lamfalussy was even more concerned about the potential consequences of recent very large swings in the exchange rates. He offered some practical suggestions to improve the working of the foreign exchange markets:

● New research at the BIS made it seem likely that the authorities could, through intervention, exert a stabilising influence on the markets.

● Intervention would only be effective, however, if it was based on policies which would steer the fundamentals of the economy in a direction which validated the intended move in the exchange rate.

● Monetary authorities in several countries – particularly the U.S.- should reserve their explicit neglect of the exchange rate. International cooperation should be put to the service of managing floating exchange rates. The excesses of floating should be tempered.

Mr H. Baschnagel, central manager of the Swiss Bank Corporation, reinforced Professor Lamfalussy's argument by pleading for central bank intervention in the foreign exchange futures markets.

Mr Baschnagel delivered an emphatic condemnation of the influence of futures markets, combined with the automatic use of computer models and charts. Together, these developments were transforming the foreign exchange markets into "a perfect one-way street."

In a world that was difficult enough for foreign exchange users, he said, the foreign exchanges were being transformed into a playground for speculators of the worst sort. With all the new instruments, the markets had become too volatile. In the short run, charts and computerised decision-making were exerting a growing influence on exchange rates.

The resulting chaos would damage end-users of currency, not the traders in the pits. Mr Baschnagel thought that central banks should intervene in futures markets: "We would see those young traders in the Chicago pits run for cover the moment they saw the Federal Reserve buying the D-Mark, Swiss francs or any other currency that was depreciating under the dollar's rise."

Mr Scott Pardee, of the Discount Corporation of New York, agreed. Non-intervention by the U.S. authorities had undermined their ability to stem one-way trading in the foreign exchange markets. "You can't just sell the D-Mark into the dollar and hit a few dealers," he said. But it would be very dangerous to go short of the dollar on a bet that the Federal Reserve might be "caving in on inflation."

FT Conference on Foreign Exchange Risk

European governments seemed to be converging in their belief that foreign exchange adjustments could not solve problems in the real economy, Mr David Lomax, economic adviser to the National Westminster Bank, said.

It had become generally agreed that the balance of fiscal policies was more important.

Dr. Erik Hoffmeyer, of the Danish national bank, paraphrased Voltaire in his conclusion that our present exchange system, while not the best possible, was at least robust enough to survive, given our political systems.

Dr. Hoffmeyer believed that the problem of excessive rate fluctuations was confined to the relations of major currencies and dominated by portfolio adjustment between them. He did not believe that the damage caused by this fluctuation was very extensive.

UK NEWS

British Airways in talks with Airbus group

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A BRITISH Airways team led by Mr Roy Watts, deputy chairman, is to visit Airbus Industrie, the European airliner building consortium, in Toulouse next month for discussions on the long-term fleet needs of the airline.

BA stresses that the visit is for the exchange of views on what the airline is likely to need in the shape of new aircraft into the 1990s, and to learn at first hand what Airbus Industrie will have to offer. The visit is not an indication of any impending order.

The airline has already made public its need for up to 20 aircraft in the small-jet category, seating up to about 150 passengers each, by January 1, 1986, to replace ageing Trident Three jets that will become obsolete on that date because of new noise regulations then coming into effect.

This need is expected to be met by Boeing or McDonnell Douglas of the U.S., however, rather than by Airbus Industrie, because the latter's proposed 150-seat A-320 airliner, not yet formally launched, will not be ready in time.

But, for the later 1980s and into the 1990s, British Airways can see the need for even more small aircraft, and it is possible that any A-320, if available at that time and powered by Rolls-Royce engines, would interest the airline.

BA also has a long-term interest in other potential types of airliner now being studied by Airbus Industrie.

One is the TA-11, a four-engined derivative of the A-310, designed for long distances of 6,000 nautical miles, carrying about 220 passengers. Such an aircraft, if developed, would be suitable for some of BA's long, non-stop routes where Boeing 747s are too big.

The TA-12 is a twin-engined derivative of the A-310, also for 220 passengers, designed specifically for medium to long-range routes, where long flights over water are not required. Both types are not likely to be available before the early 1990s.

British Airways emphasises that it is not ruling out any potential aircraft project, whether from Airbus, Boeing or McDonnell Douglas. But its relationships with Airbus Industrie have been much less close than with Boeing and McDonnell Douglas, and the airline is anxious to correct this without implying any commitments to anything the European consortium may eventually develop.

● British Caledonian Airways, the UK independent operator, and Caribbean Airways, the national airline of Barbados, have signed a one-year agreement under which British Caledonian will fly Caribbean Airways' services from Gatwick via Brussels to Barbados from May 1.

Flights initially will be once-weekly each way, rising to twice-weekly from June 4. Eventually, it is hoped also to fly from Manchester and Frankfurt to Barbados.

Manchester Steel completes job cuts

By Maurice Samuelson

MANCHESTER STEEL has completed the programme of redundancies which were the condition of it remaining in business with Elkem, the Norwegian metals, mining and manufacturing group.

The workforce has been cut by more than 160 to 630. Most of the cuts are at the Manchester mill, with the rest at Bidston, Cheshire.

Last November, the Norwegian owners backed the rationalisation plan instead of agreeing to close the operation in exchange for £16m from a consortium of other loss-making private steel producers.

Mr Ken Knaggs, Manchester Steel's managing director, said yesterday that although times were still difficult, the company was safe "unless things got worse." The recent fall in the level of sterling had helped to ease the pressure from low priced imported steel.

The survival plan involves cutting manned capacity to about 300,000 tonnes a year and a total saving of £2.5m to £3m over the next 12 months.

Earlier this month, the Elkem group said in Oslo that it expected its UK steel operations to improve this year as a result of cost reductions. The group as a whole is under pressure because of an increase in its losses.

Although its Oslo steel plant, Christiania Spigerverk, is said to be one of the few steel works in the world to be making a profit, Elkem is pressing for greater efficiency there too.

Industry leaders face rebuff over plea for cheaper electricity

BY RAY DAFTER AND JOHN ELLIOTT

LEADING industrialists are likely to be rebuffed today when they call on senior Government ministers to provide relief from high prices paid by bulk users of electricity.

A Confederation of British Industry (CBI) team will ask ministers to include relief approaching £200m in next month's Budget for industries such as steel, paper, board, chemicals, clay and glass.

The team will include Mr Ian MacGregor, chairman of British Steel and Sir Alex Jarratt, chairman of Reed International as well as Sir Terence Beckett, the CBI director general.

They will meet Mr Patrick Jenkin, Industry Secretary and Mr Nigel Lawson, Energy Secretary as well as Mr Leon Brittan, Chief Secretary at the Treasury who is attending at the specific request of the CBI.

The CBI will emphasise its long-held view that many UK industries, especially big processing plants dependent on bulk supplies of electricity, are being charged more for their energy than overseas competitors.

Industrialists acknowledge that the Government has given help totalling some £250m in the past two years and that the recent falls in the value of sterling have also helped by reducing UK comparative costs. Because of these changes in sterling, the CBI is no longer asking for the full £200m relief which it included last month in its Budget representations.

Sir Terence Beckett said last night: "Bit by bit we need all the affected industries looked at."

Although ministers will not be drawn into revealing what the Budget might contain, they are likely to make considerable play of the fact that most UK energy prices are now on a par with those on the continent.

The one major exception – the one likely to be seized upon by the CBI – concerns bulk electricity supplies delivered at a high load factor. Figures to be discussed at today's meeting shows that even at present exchange rates UK prices are considerably higher than those charged in Belgium, France and Italy.

Much has to do with the way various countries weight their electricity prices. For instance, Italian industry pays more than its UK counterpart for electricity at low load factors but appreciably less at high load factors.

Ladbroke in French holidays venture

By Arthur Sandles

THE LADBROKE Group is entering the French camping and caravanning market with a new series of holidays under the Berkeley Holidays banner. French self-catering has been a major growth area in the British market in recent years, particularly camping, and Ladbroke plans to offer some 10,000 holidays this year.

Ladbroke Holidays' chief executive, Mr John Jarvis, said yesterday that the company intended expanding rapidly in Europe and planned to offer trips to Spain and Italy in 1984.

The group is not the only UK company to be optimistic about foreign tourism from the UK this year. Market leader Thomson said yesterday that it had sold 250,000 overseas package tours in January alone. On one day, it said, some 15,000 holidays were sold.

"People have been helped by lower mortgage rates," said Mr George Carrol, managing director of Cosmos Air Holidays. He suggested that encouragement in the forthcoming government budget could boost foreign holiday demand to more than 5 per cent above last year.

Soviet shipowners resist pressure to cut cruise sailings

BY ARTHUR SANDLES

BRITISH cruise ship operators began talks in London yesterday with Soviet shipowners in an effort to persuade them to reduce their sailings from UK ports.

The British claimed that the recent rapid increase in the number of cut-price Soviet cruises leaving from Britain was threatening the survival of UK lines.

The Soviets, however, contested the claims and suggested that reductions in their UK operations could endanger a £20m plan to refit four of their ships at British shipyards.

The British operators claimed that last year there were 53 Soviet cruise ship sailings from the UK, with 21,400 berths on offer. In 1981 there were only 35 departures, offering 15,080 berths. In 1980, there were 25 sailings (13,130 berths).

The Soviets, represented in Britain by CTC Lines, disputed the figures. They referred to a market share of one eighth and of carrying 13,000 passengers.

In a vigorous public statement as the talks opened, CTC said that British talk of cut-price fuel and free insurance for the Soviet vessels was untrue. "The ships bunker at international ports and pay the market rate; their insurance is arranged on the international market, including London."

Suggestions that the Russians exploited the cancellation of cruises during the Falklands war were also denied. It was said that only 300 disappointed Cunard and P & O passengers were re-booked on Soviet vessels.

Recently the Russians have given assurances that passenger capacity out of the UK will increase in future by, at most, 2 per cent a year.

The British side in the talks is headed by Mr Rodney Leach, chief executive of P & O Cruises, and Mr Bernard Crisp, his Cunard counterpart. The Soviet team is headed by Mr V. Petukhov, head of the passenger shipping organisation.

The British will be urging that the ground rules set out for cargo lines in a Moscow agreement last year should apply to passenger shipping. In broad terms, these allow competition on equal terms and a preservation of domestic markets.

The UK side argues that competition is not equal and that the domestic lines are endangered in this case – and that UK ships cannot sell cruises to the Soviet people themselves.

Japanese car importers profit while Fiat and Renault lose

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN INDICATION of the big profits made by importers of Japanese vehicles to Britain and the huge losses being sustained by Fiat and Renault is given in the latest report from ICC Business Ratios, the management information company.

It shows that in 1980 Fiat Auto, the car import business, lost £49.4m before tax while Fiat's wholly-owned commercial vehicle subsidiary, Iveco (UK), suffered a £4.85m pre-tax loss.

During 1980, Fiat was left with large stocks of cars in Britain because it had not predicted demand would fall so sharply. Total UK car sales fell 11.8 per cent from the 1979 peak. At the same time, Fiat's market share dropped from 4.64 to 3.39 per cent. This involved a reduction in volume from 79,577 cars to 51,299.

Indications are that Fiat Auto's losses continued at a similar rate in 1981 and 1982.

Renault UK did not experience the same substantial drop in volume between 1979 and 1980. Its registrations fell from 93,468 to 88,343, but it had been expecting sales approaching 100,000 in 1980. Its pre-tax loss for 1980 was £15.7m.

Both Fiat Auto and Renault suffered badly because right-hand-drive cars ordered for the UK market could not readily be disposed of elsewhere when sales failed to match expectations.

In 1980 Renault's truck and bus business also moved into losses – £52,000 pre-tax compared with a £7m profit the previous year.

Japanese companies took four out of the top five places in ICC's profitability league table measured by pre-tax return on sales. Double-figure margins were achieved by: Subaru, owned by the private Midlands-based International Motors group; Heron-Suzuki, part of Mr Gerald Ronson's property-to-vehicle distribution business; Honda, a subsidiary of the Japanese group; and Colt, another private company.

The most successful Japanese car importer in market share terms, Datsun UK, again privately – owned, had only reported on the year to end-July 1980 when the ICC figures were collected. In the seven months to July 31, it made a taxable profit of £14.1m and a return on sales of 4.6 per cent.

Another International Motors subsidiary, Modena Concessionaires, which imports Maserati cars, was also among the companies returning a high profit-to-sales ratio of 10.5 per cent.

Confirming that the import of high-priced sports cars is a good business, Porsche Cars GB topped the ICC league table. It made £5.1 pre-tax profits on sales of £25.3m to achieve a profit-to-sales ratio of 20.4 per cent. Porsche Cars is 60 per cent owned by the West German group and the rest of the equity is in the hands of John Adlington, the managing director, or his close associates.

The ICC report covers the performance of 35 distributors of foreign vehicles in Britain. One statistic revealed by the report is that the eight directors of Colt Car, which sells Mitsubishi cars from Japan and is headed by Mr Michael Orr, one of the founders, shared remuneration of £579,000 in 1980, which is the equivalent of £72,375 each.

The eight directors of Datsun UK in 1978 received remuneration of £497,000, or £62,125 each on average.

"Foreign Vehicle Distributors", from ICC Business Ratios, 28 Banner St., London EC1Y 8QE. £97.

FOREIGN VEHICLE DISTRIBUTORS' PROFITABILITY IN UK

	Profit before tax £000		Sales £000		Profit sales percentage	
	1980/81	1979/80	1980/81	1979/80	1980/81	1979/80
Porsche Cars GB	5,173	3,661	25,312	24,917	20.4	14.7
Subaru UK	2,868	2,916	15,702	12,659	18.3	23.0
Heron Suzuki (GB)	7,105	4,703	42,320	38,924	16.8	12.1
Honda (UK)	41,706	10,767	302,129	255,830	13.8	4.2
Colt Car Co	5,304	4,618	44,252	41,650	12.0	11.1
Mazda Car Imports	7,034	11,377	64,286	74,881	10.9	15.2
Modena Concessionaires	101	20	964	170	10.5	11.8
Mercedes Benz (UK)	11,909	16,989	115,127	162,208	10.3	10.5
Toyota (GB)	10,441	13,625	106,525	111,923	9.8	12.2
BMW (GB)	7,316	–	85,850	–	8.3	–
Volvo Concessionaires	14,267	14,751	177,160	167,829	8.1	8.8
Peugeot UK	2,190	10,891	96,690	135,117	2.3	8.1
Scania (GB)	369	932	20,045	26,307	1.8	3.5
MAN-VW Truck & Bus	510	1,261	44,022	40,550	1.2	3.1
Renault Trucks & Buses UK	33	–52	7,085	7,602	0.5	–0.7
Kawasaki Motors UK	30	15	17,812	15,769	0.2	0.1
Saab (GB)	–416	1,317	44,390	49,058	–0.9	2.7
Daf Trucks (GB)	–524	681	35,059	44,711	–1.5	1.5
Volvo Trucks (GB)	–1,576	8,233	78,847	111,543	–2.0	7.4
Citroën Cars	–1,682	5,598	79,261	102,828	–2.1	5.4
Seira Motors	–280	381	5,379	11,990	–5.2	3.2
Renault UK	–15,749	413	294,081	295,197	–5.4	0.1
Iveco (UK)	–4,857	596	28,311	25,535	–17.2	2.3
Fiat Auto (UK)	–49,465	2,278	140,121	177,019	–35.3	1.3
Datsun UK	–	14,110	–	309,314	–	4.6
VAG	–	13,570	–	306,430	–	4.4
Skoda (GB)	–	506	–	26,988	–	1.9
Alfa Romeo (GB)	–	23	–	47,719	–	0.05

Source: Company accounts; ICC Business Ratios

Fair trading inquiry into advertising ban

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading (OFT) yesterday launched a major inquiry into the trading activities of Essex Country Newspapers, a subsidiary of Reed International.

The investigation follows complaints that the newspaper group refused advertising space to a "property shop," a type of estate agency which charges substantially less for selling property than estate agents. It is alleged that pressure from estate agents in the Colchester area on the newspaper group had prompted the advertising ban.

It will be the fourth official inquiry by the OFT in the past 18 months into the trading activities of local newspaper groups. The OFT is becoming increasingly concerned that local newspapers are acting unfairly in response to new competition and changes in its traditional markets.

It is particularly worried that established local newspaper groups are unfairly using their power to fend off competition from the fast-growing free-distribution newspapers.

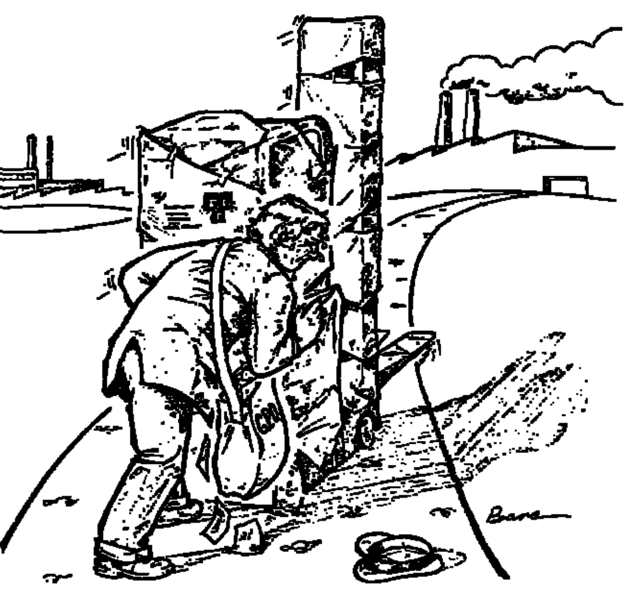
The OFT decided to mount a formal investigation under the 1980 Competition Act, which gives it the power to look into any alleged anti-competitive behaviour by a single company. This will seek to establish whether the newspaper group refused advertising and, if so, for what reasons.

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

Will catalogues catch on?

Christian Tyler on industrial mail order



THE IDEA of selling industrial equipment by mail order is not a new one in Britain. But it has never—at least until quite recently—gained much currency. The U.S., as one might expect, and Continental Europe have well-established mail-order houses serving industrial buyers. It is no surprise to find that two of the more recent ventures in the UK have Continental parentage—one French, one West German.

A number of British manufacturers use mail-order as an adjunct to their own sales forces, but they tend to be in specialised areas like furniture or electronic components. One general industrial mail-order firm, General Trade Equipment, goes back 43 years.

Nine years ago the West German firm of Kaiser and Kraft launched a British catalogue. At the same time a British-run offshoot of the French Manutan—the biggest industrial mail order house in France—was set up. Called Key Industrial Equipment, it now claims the largest circulation of all the purely mail-order concerns, with a turnover expected to top £5m this year.

KIE's managing director and part shareholder, Mike Osmond-Jones, believes that he has broken through the innate conservatism of the British industrial purchasing community. He expects the rapid past growth of his business to continue to the point where turnover reaches £15m within five years and he is known to every sizeable manufacturing establishment in the country.

The breakthrough — if such it proves to be — was not easy. To begin with suppliers shrank from the prospect of seeing their goods sold by post, so accustomed were they to the time-honoured routines of face-to-face salesmanship. Osmond-Jones, who at 62 has had a long business career, says that Britain is still a long way behind in marketing techniques. He also blames "abysmally poor standards of management" for the strain of his early efforts to convert companies to the "new" selling method.

Once converted, however, suppliers were "astounded by the results", Osmond-Jones claims. "You can sell almost anything through a mail-order catalogue."

It may be that suppliers have been pushed towards mail order by the rising cost of keeping salesmen on the road rather than pulled by the concept itself. A sales representative may cost at least £20,000 a year, which means that he has to shift about £200,000 worth of goods annually to earn his keep; and that, says Osmond-Jones, is not easy if you are dealing in low-value items. On the buyer side, some companies have been embarrassed to discover how many purchasing department staff they could make redundant by going mail order.

The KIE catalogue is therefore weighted towards low-value items; although the principal test for their inclusion is that they should be staple goods, required by every kind of manufacturing business: handling and storage equipment, safety clothing, packaging, tools.

They range from parcel openers at £5.25 each up to small forklift trucks at £6,500; the average value of orders is around £100.

KIE has some 300 suppliers, of whom 35 per cent account for the bulk of turnover. Most of them are small outfits which would find it too expensive to try and market their goods across the country. KIE has an equity stake in some of its suppliers, and tries to minimise its turnover of suppliers by checking at least every 18 months on the quality and popularity of their goods.

Published twice a year, the catalogue contains up to 300 pages, including 16,000 different items. It claims a circulation of over 200,000, or twice that of its nearest competitor. It has about 60,000 customers, including many of the household names of British industry: Plessey, GEC, Shell, BP, ICI, nationalised industries and local authorities.

Like so many entrepreneurs, Osmond-Jones declares himself profoundly patriotic, and claims that 95 per cent of the goods in his catalogue are British made. But he has discovered gaps that British manufacturers cannot fill, either in terms of price or specification. Osmond-Jones cites one product which he could buy for £650 from a British manufacturer, or from a Japanese importer for £250. Among some of the imported goods in the KIE warehouse are trailer jacks from the U.S. (cheap), work stools from France (unavailable in the UK) and industrial shelving, also from France (simple to instal). About 15 per cent of KIE's turnover is, however, in exports.

KIE employs 45 people and an ICL mini-computer to prodduce the catalogue and process around 200 orders a day. The time-consuming job is the preparation of the catalogue, not least in compressing suppliers' technical literature into a small space.

The industrial mail-order market in Britain is estimated to be worth about £16m a year. Osmond-Jones believes that, even after his nine years with KIE, he is still only beginning to exploit the potential. "Within 10 years," he predicts, "60 per cent of the general run of goods bought by industry will be done this way."

Incentive schemes are gaining popularity

MANY COMPANIES are turning to incentive schemes as a means of encouraging sales staff to try just that bit harder during difficult trading conditions.

A new survey of motivational schemes shows that half the 600 or so companies quizzed intend to spend more on incentives in 1983 than they did last year. More than a third expect to spend about the same—with only the rump uncertain or intending to spend less.

The survey is further evidence of the growth in recent years of a market that is currently estimated to be worth upwards of £75m a year.

The new survey—carried out by Marketing Improvements with the sponsorship of Marketing magazine and Bonusplan (a leading promotions and incentives company)—provides fresh data on which incentives are most popular, and why the schemes are used.

Not surprisingly, cash was still the most popular, and effective, incentive offered to sales staff by the companies surveyed. Some seven out of every 10 respondents used some form of cash commission system to encourage extra effort.

But the survey also made clear that other forms of incentive were used quite widely. Retail vouchers, in particular, were only slightly less popular than cash incentives. These vouchers are redeemable in a wide range of different stores, and are liked because the tangible reward represents the extra effort.

Holidays and specific items of merchandise were also fairly popular with companies as incentives, although points catalogues—whereby salesmen accumulate points towards gifts (similar to the trading stamps operation)—were less widely used.

The survey also identified the people who were eligible to take part in schemes and what they had to do to benefit. Nine out of every 10 companies surveyed offered incentives to their own salesforce while some 40 per cent also used incentives to motivate the salesmen of a distributor (such as a wholesaler).

The most popular reason for running incentive schemes was to back up a new product launch—cited by 70 per cent followed by the need to motivate salesmen to open new accounts. Other reasons were to persuade salesmen to push a neglected line of stock and to encourage buyers to stock certain products.

Not surprisingly, the survey showed up a number of quirks in the use of incentives. Perhaps the biggest paradox was that while cash was most popular in the industrial and commercial sectors included in the survey, it was significantly less popular in the insurance, banking and finance sectors.

David Churchill

ADVERTISING: BY FEONA McEWAN

Chirpy package for promotions

SHARP-EYED viewers of TV-am may have spotted, among the slick commercial offerings from Robin Wool, Kelloggs cornflakes, Walls foods, Tefal coffee maker and Edam cheese, a jolly jingle and cute cartoon featuring the birds shown chirruping on this page.

Calling itself Early Bird, this catchy spot, which uses the same format to top and tail different products, describes itself as a completely new concept in television advertising. Its theme is strictly promotional advertising—such as cash-back offers, free mail-ins, trial product launches—and it aims to offer the promotional advertiser, who is usually on a tight budget, the chance to explore the small screen at prices he can afford.

Furthermore, and this should soothe first-timers' nerves, Early Bird undertakes to handle scripting, directing and production of commercials, often at the last minute. Such tailor-made ads—they always use the same format with professional presenters explaining the promotion in a straightforward, ungimmicky way — have the potential to reduce costs per thousand viewers by up to half that of conventional peak-time network television.

This, at least, is the theory of it. But there must be grave doubts about its appeal to advertisers unless audience figures pick up dramatically, and soon. The first week's viewing figures of a meagre 800,000, according to the Audience Research Bureau, took the whole advertising industry by surprise.

Early Bird saw its marketing opportunity in counteracting the high production costs of com mercials and expensive airtime.

Interest in the concept is already considerable, reports Early Bird, which has been developed jointly by International Marketing and Promotions, the largest UK sales promotion agency, in conjunction with TV-am. "It is possibly the most exciting development in the sales promotion field in the last five years," says controller Richard Church. "It opens up a whole host of new doorways."

Breakfast television was chosen because it reaches shoppers before the shops open rather than after they close.

TV-am's rate card price for a package of ten 30-second spots is £20,280, excluding production costs. Early Bird's price, by comparison is £23,210, including production.

Early Bird has an alternative joint package whereby three manufacturers sharing a single promotion each pays £14,153 for 20 seconds.

First to explore the possibilities was United Biscuits with a commercial made in less than a week. "We were able to generate mass awareness of our promotion as quickly as possible," says John Farrell, the IMP director responsible for the UB account.

Quite how successful this Early Bird will be in catching enough worms remains to be seen.

Accountancy sales talk

IT'S NO secret that the professions and commerce have traditionally been wary of each other, the one world viewing the other with the faintest hint of suspicion.

One area where this divide is narrowing is that of accountancy—not surprising since the work of one brings the other under close scrutiny. It now looks, if the signals are right, as if accountancy firms will soon be free to indulge in that most commercial and hitherto forbidden activity — advertising their services.

Firm proposals will be put before the Council of the English Institute of Chartered Accountants this spring. It is highly likely that the rules will be relaxed.

This will mean that up among the car, petrol and bank ads, accountancy practices will be free to put their case. With some 16,000 practices in England and Wales and a conservatively estimated UK fee income among the larger firms of between £40m and £100m per annum, this relaxation of the rules could prove a profitable source of income to the advertising industry.

In anticipation of this radical change, the profession's newspaper, Accountancy Age, has issued a guide to what it calls practice development. Aimed at helping both the industry and the advertising world it offers advice on what an agency can do, how to choose one, what advertising can achieve and how to budget for a campaign.

The guide will also explain to the advertising industry the rules governing the ethics of the accountancy profession, how practices work and their problems and aspirations.

Despite considerable reluctance among accountants to enter the commercial field, Accountancy Age reports that it is being inundated with requests, mainly from smaller practices, for its guide.

The Accountancy Age Guide to Practice Development. Available from Laura Vaughan, VNU Business Publications, 53 Frith Street, London W1. £2.

The message is on the bag

RECALCITRANT SHOPPERS who grouse at the plastic carrier bag levy at checkout counters may soon find little to grouse about.

Under a scheme recently launched, the bag will be free to the consumer and the cost will pass instead to the advertiser who uses it to make his mark. In some cases the cost will be shared with the retailer.

This symbiotic arrangement is called link advertising, already familiar in much of the rest of Europe and the U.S. The first to get linked in the UK is Time Magazine which—in a campaign aimed at reaching student readers—is supplying bags complete with Time covers and university motifs as giveaways in student libraries and shops. This week Peter Dominic has made links with Haig whisky.

Ron Storey, news-stand director of Time, believes that carrier bags are an extremely viable, cost-effective medium; he already uses them at airport duty free shops.

The company doing the linking is Belfort, reputed to be Europe's largest manufacturer of plastic carrier bags—some 5m a day.

Research shows that a bag is used on average six times, which gives it considerable mileage in advertising terms. According to Alan Zoltie, Belfort GB's joint managing director, the possibilities for imaginative advertising are unlimited.

Bags could be used as supermarket newsletters, featuring current special offers; one large Hong Kong supermarket has been doing this for years. Belfort GB is currently exploring the possibilities of tear-off coupons.

"The main problem," says Zoltie, "is that people think of carrier bags as below-the-line advertising and we think it should be above. A bag moving along a street is seen by an impressive number of people."

THE ARTS

Simonov/Festival Hall

Dominic Gill

Yuri Simonov, who has been the Chief Conductor since 1970 of the Bolshoy opera, made his British debut with *Eugene Onegin* at Covent Garden last year. His direction of the opera, and of three subsequent concerts with the London Symphony Orchestra which he took over at short notice from an indisposed Claudio Abbado, made a vivid impression that was confirmed again with the LSO on Tuesday night—a conductor of powerful musical conviction, impeccable technique, and unusually graphic, almost balletic temperament, who knows how to call for, and still more important how to get, the best from his band.

The instinct is theatrical, and the method exceptionally precise: clarity and careful shaping were the watchwords of each of the evening's three performances. By the very quality of their sound, the LSO were suddenly—and if only it were more reliably so—once more a great orchestra. Over the whole dynamic range, from the quietest whisper to the noisiest declamation, the music was alive with inner voices, inner colour. Simonov especially eschews the orchestral crash that sounds more like a breaking shop-window than a climax—even at its most thunderous the sound had mellowness and depth. Such care, moment by moment, for the grain and texture of orchestral sonority is not the rarest thing in the concert hall: but it is rare enough to be very refreshing.

Chaikovsky the master contrapuntalist was the chief proposition of Simonov's direction of both the fourth symphony and the violin concerto. I don't believe that I have listened for years to a Chaikovsky Fourth in which so much detail could be heard, or in which so many different strands were connected. Ideally perhaps, in the second movement — which contains the whole of Chaikovsky in microcosm — a conductor more in love with the soul of the music (as distinct from its body) might have discovered more of its darkly glinting melancholy, and less of its gentleness. But that was the tenor of the performance, and a consistent view, both acceptable and engaging: the return of the brass motto in the finale was presented as neither manic nor menacing, but rather as a bracing surprise.

The violinist in the concerto was Victor Tretyakav, an infrequent, though not a new, visitor to London since his first prize in the Chaikovsky Competition in 1965. The broad views of soloist and conductor seemed to coincide exactly, bringing to every movement a sense of intimacy, relaxation and chamber clarity. But relaxation without blandness: there was lightness and brilliance too in the reading which gave it buoyancy, and a toughness which whirled the finale to a climax of high — like the symphony's, bracing — excitement.

As You Like It/Oxford Playhouse

Rosalind Carne

Student drama frequently throws up exciting individual performances, while failing to create an entire poetic world on stage. Matthew Francis's production for the Oxford University Dramatic Society falls straight into this trap; a double disappointment, for *As You Like It* is running in repertory with an adaptation of *Sir Gawain and the Green Knight*, under the heading "A Celebration of the English Forest." There are many fine things here, but the forest is not one of them.

I find no single design credit in the programme, so I assume the overall plan is the director's. The principal motif is a series of hanging, translucent screens etched with tree trunks and branches. These are stylish, pretty and faintly unearthly, and would be most effective did they not jar so violently with the sackcloth covered stage, littered with leaves and dry twigs, and the homespun rustic costumes.

Shifting lighting over a woodland silhouette only adds to the muddle—a bunch of good ideas which never coalesce into a coherent vision. The transitions from Arden to court, however, are well-managed by freezing the action in blackout around a solitary spot of light.

Yet, Mr Francis knows how to handle actors in ensemble, and the rhetorical games are beautifully executed. Julian Waite is a nicely modulated Touchstone, well at ease with the most tortuous courtly quip, and Humphrey Bower's is a charismatic Jacques.

There is also an unusually engaging Orlando from Chris Jones, who speaks very well, and a down-to-earth Celia from Stephi Hemelryk. Her charm, cheek, and natural stage presence steal every scene from her over-boisterous cousin, played by Audrey Helps.

Naples/The Place

Clement Crisp

Small in numbers, tirelessly energetic, Extemporary Dance Theatre is at The Place this week with two programmes of what is now called post-Modern dance. Not, in Tuesday night's opening bill, the usual austerities and minimalism, but ebullience and jokes, for the most part, and lively theatrical ideas. That the ideas did not work themselves out to any strong conclusion is probably par for the course, and the dancers' enthusiasm compensated for some of the rougher edges of the three pieces on show.

The opening *Giraffes and Jellyfish and things* is Sally Owen's homage to Darwinian theory. Miss Owen has made a couple of surreal, humorous dances for Ballet Rambert; this latest is about evolution.

As fish, frogs, birds and apes, and, finally, as repellant humans, five dancers give lively performances.

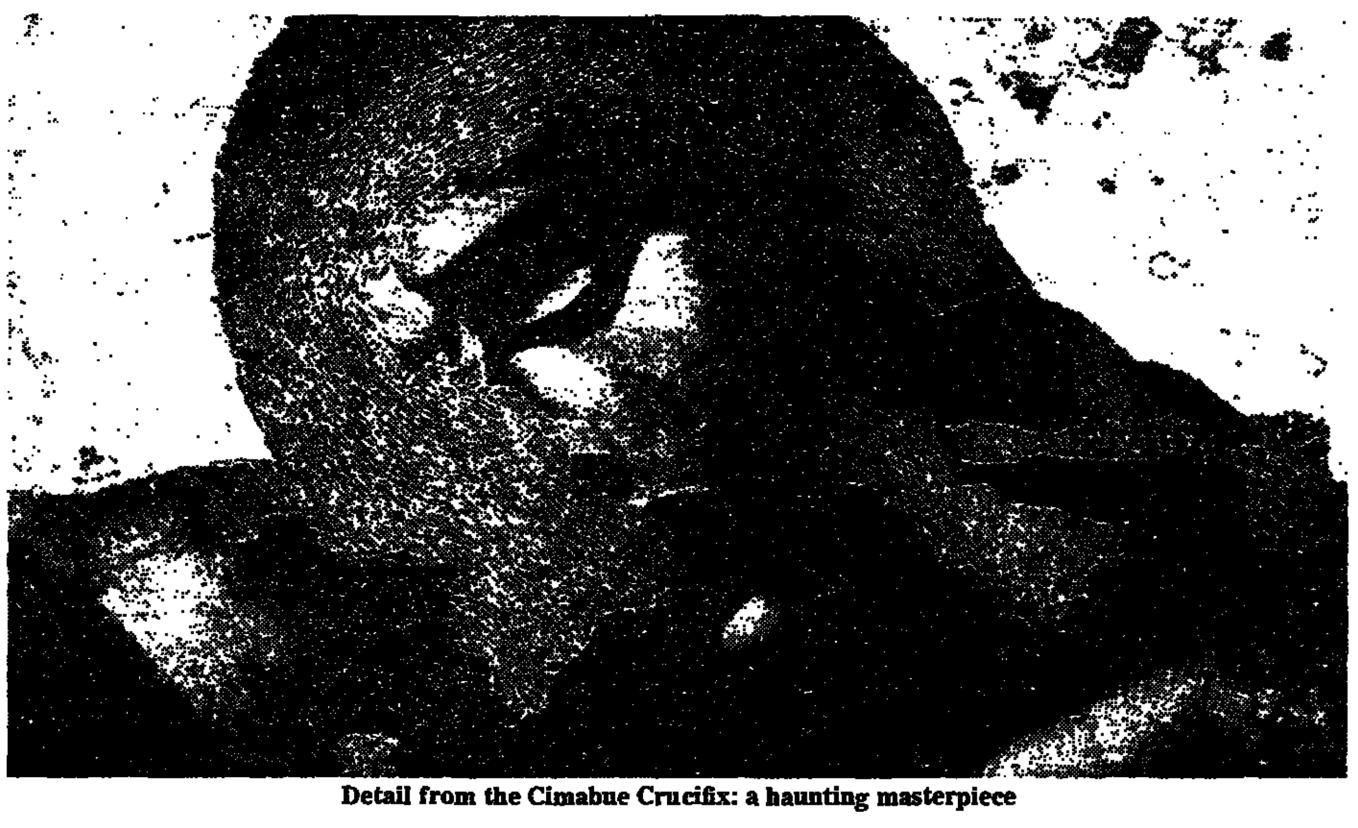
Karole Armitage's *It happened at Club Bombay Cinema* is a different collection of creatures. Frenetic urban young are involved with stereotypes from the films of East and West, but the result is confused and confusing. The cast impersonate cowboys and Indians—Indians, that is, from the sub-continent—and have a hell of a time. So do we.

Finally Fergus Early's *Naples*, which confronts the teeming life of the city today—a Lambretta, cooking pasta, a funeral, and television football all there before our eyes—with the last act of Bournonville's *Napoli*, its steps maltreated by a cast unable to cope with them.

As a *jeu d'esprit* it is too long, but it gives pause for thought about the quaintness of balletic genre painting and stage conventions, and the three men of the troupe — Lloyd Newson, Yaakov Slivkin and Edgar Newman—are much of its comedy. Bournonville wins.

Royal Academy/William Packer

The Crucifix that marks an epoch



Detail from the Cimabue Crucifix: a haunting masterpiece

In 1979, Olivetti brought one of the four Horses of San Marco, recently restored, thoroughly investigated, and surrounded by the most wonderful fragments and comparative examples, to the Royal Academy, all of which proved in the event to be one of the most remarkable exhibitions in a generation.

Now the association continues, and again it is one of the great treasures of Italy that Olivetti has brought to the Academy. Until April 4; the Lecture Room is occupied, and indeed dominated, by the great Cimabue Crucifix from Santa Croce in Florence, one of the seminal works of the early Rennaissance, and now restored having sustained the most dreadful damage in the appalling flood of 1966.

Perhaps rescued is the better word; for much of that damage was irreparable, and the blank areas of discreet and judicious tone speak all too eloquently of what, and how much, was lost. But that anything should have remained at all was a kind of miracle, and the documentary photographs of the flood in full spate, and of its immediate effects, still challenge belief.

The small display in the adjoining gallery follows the story from the moment of retrieval and the first stages of repair, which began at once with disinfection and simple drying out, through to final reinstatement, a story of infinite and hair-raising precision, delicacy and care.

But the Cross itself is the thing, and most extraordinary it is, hanging alone in the middle of the room and powerfully physical in its presence, quite as much as sculpture as a painting, its panels and cross-members at its back like nothing so much as a ship's timbers. Inevitably it is the painted surface, however, that finally commands attention and contemplation; the huge olive-green and ochre figure of Christ no longer the majestic, hieratic icon of the Byzantine tradition, to which it is clearly still so close, but now new and revolutionary in its humanity, the head relaxed in death and sunk against the shoulders, the eyes closed, the body serpentine against the rich gold and blue of its support.

It is, of course, an image that is still highly stylised, and it was to be left to Cimabue's great pupil, Giotto, to establish and confirm this new and decisive naturalism, and to leave behind by far the more substantial and directly influential body of work: but it is Cimabue's haunting masterpiece of the later 1280s that marks the epoch, and perhaps the most important turn of all in the evolution of European painting. It is a great privilege and treat to have it here in London.

Salome/Geneva

Ronald Crichton

Maurice Béjart admits to long fascination with the figure of Salome. He has choreographed a ballet and directed a film derived from the story. The flash-point for his brilliant, high-definition production of the Strauss opera at the Grand Théâtre, Geneva, was a weird scene he witnessed in a Cairo hotel during a pan-Arab conference—pink Cadillacs disgorging men wearing battle-dress and djebellas, armed with machine-guns and antique daggers, their veiled women trailing huge transistors full blast, "a mixture of primitivism and gadgetised Westernism."

The designer Nuno Corte-Real accordingly created a deep black space which, Béjart says, "could be a casino at Beirut." The space is filled with heterogeneous objects and people—Roman busts, a great seven-branched Judean candlestick, scaffolding towers half-concealing armed soldiers in modern uniform, page boys in pill-box hats, an impression of guests in evening dress among the rhubarbing throng seen in turmoil before the music starts. A Near-Eastern melting-pot, where ages and races rub shoulders and smoulder.

The military presence is a constant menace—is Herod being threatened or protected, or both? Béjart, unlike his Germanic colleagues, imposes no philosophico-political baggage, but the contemporary allusions wonderfully sharpen the atmosphere of tawdry luxury.

Jochanaan is raised from his cistern into a tower of glass and chromium from which he emerges, sheathed in pure, gleaming white, to make hieratic passes before inveighing against Herod and his wife. Given the noble voice and bearing and the long limbs of Simon Estes, the scene is uncommonly impressive. Nothing less like the usual mangy-looking apparition in rags could be imagined. Salome

> 'One of the achievements of this absorbing evening was to redeem the shoddy in the score by visual and musical excellence.'

slips on in a trouser-suit with oriental touches—the tiny Julia Migenes-Johnson barely comes up to Mr Estes' shoulder. Herod (Robert Tear—excellent) and Herodias (Krystyna Szostek-Radkova—see below) are conventionally bedizened but Herodias wears sun-glasses on and off.

When Herod agrees to Salome's price for dancing, pages rush on waving tall feather-fans. One fears a big production number, but seven great rainbow-coloured veils suddenly tumble from the flies to close off the front stage for an intimate performance for the Herods — guests and public excluded. After the off-stage decapitation a narrow ramp thrusts through the veils, across the stage, over the orchestra pit. The executioner squirms off, Salome crouches over Jochanaan's severed head just above the second violins. Her monologue and ghastly kiss over, the ramp shoots back into a group of soldiers ready for the kill.

Everything is conceived and executed with absolute precision in superb lighting by Bernard De Coster. Movements are economical but they tell. This production proves that what matters is not so much the chosen style as the way it is handled.

The conductor Horst Stein has gone back to the slimmed-down version of the orchestration made by Strauss for a Dresden singer about 1930 (and used later by Maria Cebotari, wife of Clemens Krauss).

Voices were easily heard. The squabbling Jews came through more strongly than usual. Words did not fare so well (none of the principals was German). Herod and Jochanaan were clearer than Herodias (a potentially rich portrait thus robbed of full effect) or, except for some crucial phrases, Salome herself.

Julia Migenes-Johnson, a remarkable artist whose Lulu in New York has been praised on this page by Andrew Porter, presented a spoiled gamine of a Salome, a "Nietzschean virgin" (Béjart), moody, wilful, self-possessed, genuinely curious, almost likable in her candour. The voice may not be large, but there is colour and sap and character in plenty. Yet sub-standard diction, for example in the dialogue with Jochanaan, allowed a suspicion of monotony to invade the musical line, contrasting oddly with the mobility of the singer's body and features.

For the dance there was no stripping, but a short, more or less oriental black outfit with a vestigial tutu—Miss Migenes-Johnson has good legs and can use them. Béjart gives his singer clear-cut movements, gestures and poses, executed with total aplomb, indicating how initial mechanical deference to Herod is overtaken by obsession with Jochanaan and swift descent to depravity. For the final scene, Salome is robed in full-length splendour with, briefly, an ornate gold head-dress.

From her privileged position the singer had none of the difficulty with the orchestra expected at this point. The musicians of the Suisse Romande Orchestra played with a clarity and finesse worthy of their founder, Ansermet, whose centenary falls this year. One of the achievements of this absorbing evening was to redeem the shoddy in the score by visual and musical excellence. For once the dreaded dance seemed to take its rightful place with the rest.

The Wreckers/Warwick

Andrew Clements

Neglected woman composer's work revived

Strident suffragette, putative lover of Virginia Woolf, Ethel Smyth (1858-1944) survives now in the history of English music more as one of its most fascinating characters than an original creative genius. She was apparently regarded highly by European contemporaries — Brahms, Grieg, Dvorak — and in her lifetime, her music was well respected at home. But *The Wreckers*, the third of six operas, is the only one of her works that has retained the barest toe-hold in the repertory. A tiny niche indeed, for the production by the University of Warwick Opera Group which opened on Tuesday in the sumptuous Arts Centre there, is the first since 1939.

The libretto, by H. B. Brewster, close companion of Smyth, is a tight, strikingly dramatic, and eminent operatic plot, an everyday story of 18th-century Cornish folk, with sex and religious fervour irresistibly entwined. There is little spare flesh; the action moves forward without complications, and characters are sharply defined. It is easy to see why it made such a strong impression in early performances (the première was in Leipzig in 1906 and it reached London three years later) far removed from the wan, sentimental operas that were the convention of the domestic stage at that time.

The music pushes forward as fiercely as the libretto demands. There is no lack of passionate climaxes; the first and third acts belong to the wreckers of the village, the central one to the two lovers who stand out against the practice of driving ships to destruction on the rocks to provide their livelihood. The problem lies in the utter anonymity of the vocal and orchestral writing; there are plenty of echoes of models — Sullivan and Wagner are omnipresent, Mascagni and even Bizet emerge from time to time—but nothing is original or fresh.

Evidently, Smyth had no truck with transitions for choruses and solos are rammed against each other with grinding changes of gear while ensembles are almost always busy and congested. It is the kind of music one might expect from such an uncompromising character, who had to take on a musical world in which male chauvinism was the norm.

There is a constant mistrust of charm and sentiment: phrases that begin to follow a graceful curve are deliberately turned against themselves, succulent harmonies are generally soured. Too many expectations are contradicted and the result is a strange brand of fervid monotony with few purple passages.

This Warwick production with young professionals taking the leading roles is energetic and imaginative. The director Graham Vick and designer Richard Hudson have produced a highly convincing set with the bare minimum of materials; acting is good, the chorus is carefully placed. The ending of the first act when nets and rope ladders fall like a curtain across the stage and the crowd clambers all over them is a real dramatic coup; the sheer exuberance is also a great asset.

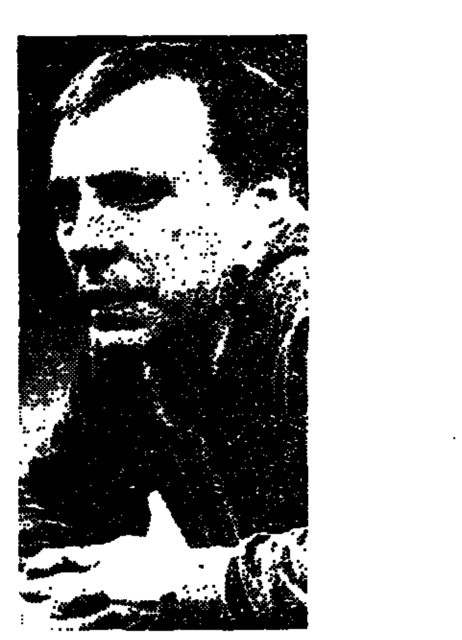
Simon Halsey conducted the score with much fire — the only credible approach, for a loitering account would be unthinkable. There are good, suitably intense performances from Robert Dean, Paul Wilson, Anne Mason and Elizabeth Byrne in the leading roles. After nearly 50 years this staging does no disservice at all to Smyth's baleful and fascinating score.

Kick for Touch/Cottesloe

Michael Coveney

Next week the Cottesloe revives Peter Gill's 1976 play *Small Change*. Like that admirable piece, *Kick For Touch* skirts around the lost love affair of two male Welsh war babies. Both plays tinker experimentally with jump-cut techniques of time and action. But the new play, running for barely an hour, could justly be retitled "Short Change."

Alison Chitty's design consists of a cut-out living room with a door, a table and four chairs. Three excellent actors — Jane Lapotaire, James Hazeldine and Kenneth Cranham — play short sharp variations on domestic snapshot relations. The style is to recapture past liaisons, past rows, past affections. After 40 minutes it becomes clear that Joe and Jim are brothers. But they are also friends, sons, lovers, rivals. Eileen is both mother and lover.



Kenneth Cranham

Joe (Mr Cranham) and Eileen have terrible arguments over whether Joe is going out to the pub or whether they should have another child. The first child seems to be Jim (Mr Hazeldine).

So for those stuck on working out at what stage in the story we may have arrived, the piece is a continuous puzzle, not to say struggle. While in the Lyttelton we have a map of the world as backdrop to a parallel triangular situation, we have here a map of the living room. We also have an awful lot of pretentious Pinteresque pauses punctuated with admittedly highly charged emotional salvoes.

The play is in three scenes. The last opens with an embarrassingly inadequate rendition by the lads of songs of Presley and Buddy Holly. As Mr Gill is his own director, no one has stepped in to do anything about this sequence.

I don't think it's excuse enough for the National to have dropped its ticket price to £3 for this show. I happen to believe that *all* shows at the National should be offered to the customer for about £3—this is surely the point of the lavish subsidy it receives from the taxpayer. Nor do I think that the theatre's new plays policy, such as it is, is well served by such precious self-indulgence as we have here.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 11–17

Exhibitions

WEST GERMANY

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Frankfurt, Kunstverein, 44 Markt: Drawings and paintings depicting human beings from between 1960 and 1970 by Pier Pasolini, the Italian movie director. Ends Feb 27.

Düsseldorf, Kunsthalle: The show offers a comprehensive survey of Henri Matisse. The 80 paintings include works on loan from Paris, New York, London and Moscow. They are supplemented by a dozen sculptures. The focal point of the show is the gigantic La Danse. Ends April 4.

Tübingen, Kunsthalle: 157 drawings, gouaches, water colours and collages by Jean Dubuffet, the French Art Brut painter and sculptor. Ends March 6.

Cologne, Rautenstrauch-Joost Museum: The only German venue of an exhibition featuring 2,000 Mexican wooden dance and death masks. Also Pre-Columbian objects on loan from the Instituto Nacional de Antropologia e Historia in Mexico City. Ends May 15.

Hanover, Kestner Gesellschaft, 16 Warmbüchenstrasse: The complete graphic work of Oskar Kokoschka, the Austrian expressionist, carefully guarded against daylight so as not to damage the delicate water colours and drawings. Ends May 15.

Berlin, Brauhaus Archiv, Klingelhöferstrasse: German paintings from the 1920s and 1930s on loan from Havard University's Busch-Reisinger Museum. Ends April 17.

BRUSSELS

Société Générale de Banques: Pierres et Rue 1780–1980. The success of this exhibition has prompted a longer run. Ends Feb 18.

Musées Royaux d'Art et Histoires: Collection of Delft porcelain. Ends Feb 21.

VIENNA

Künstlerhaus: Aspects of present day art in the Soviet Union from the Ludwig collection. Ends Feb 25.

HOLLAND

Rijksmuseum van Oudheden, Leiden: Egyptian hieroglyphics on papyrus up to 4,000 years old. Ends April 4.

LONDON

Walker Art Gallery, Liverpool: John Moores 13 – Britain's first and most important Open Exhibition, which regularly attracts a strong entry from amongst our best contemporary painters. The prizes are generous enough: £6,000, £3,000, £2,000 and ten at £250, but the prestige lies in the selection itself. This year's exhibition is full of strong uncontroversial painting, both figurative and abstract, with John Hoyland victor ludorum. Ends Feb 20.

Whitechapel Gallery: Barry Flanagan enjoys perhaps the widest or at least the most rapidly expanding international reputation of the younger British sculptors. His work of the past ten years evinces a distinctive, poetic, delicately judicious sensibility, whether it is a natural lump of stone just barely marked or a leaping hare modelled in clay, cast in bronze and brightly gilded. Ends Feb 20.

The National Portrait Gallery: Van Dyck in England – if not unquestionably the greatest, pace Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of studio assistants and it is easy enough to recognise the fruits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 20.

NEW YORK

Metropolitan Museums of Art: Architectural drawings, furniture, photographs and even ceramics comprise the hundred objects of Frank Lloyd Wright's dusted off to accompany the permanent installation of the living room he designed for the Francis Little House. Ends Feb. 27. (5357100)

Whitney Museum: The 75th anniversary of the exhibition of The Eight, the group surrounding artist and teacher Robert Henri, is being remembered with nearly half of the 60 paintings first shown at the New York Macbeth Galleries in defiance of conventions established by the National Academy of Design. Besides Henri, works by Luke, Lawson, Shinn and Davies will recreate the origins of modern art in America. Endes March 20.

WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time.

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubo-futurism, suprematism and constructivism through the paintings and designs of Kliun, Chasnik, Rodchenko, and Malevich before their extirpation by Stalin. Ends March 13.

PARIS

From Carthage to Kairouan, 2,000 years of art and history in Tunis. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on art in Tunisia. Petit Palais, Closed Mon. Ends Feb 27.

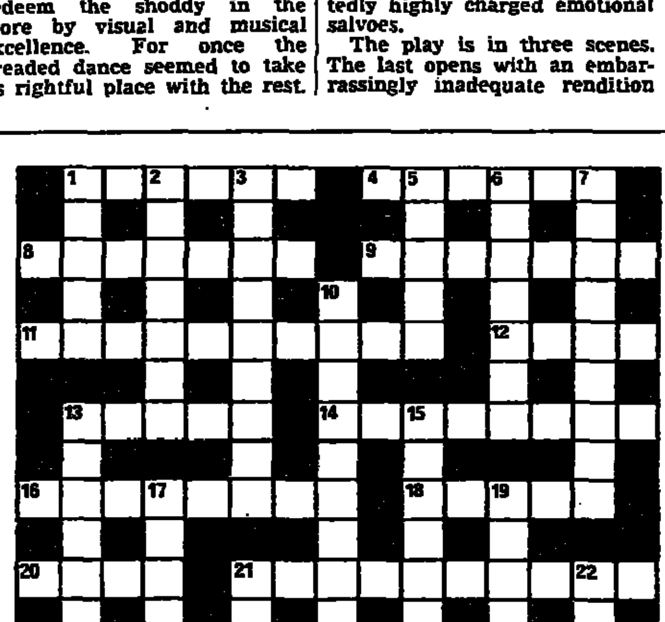
ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Rome, Galleria Nazionale d'Arte Moderna: Paintings inspired by Garibaldi from Fattori to Guttuso. Ends Feb 27.

Milan, Palazzo della Permanente: Twentieth Century paintings including Sironi, Campigli, Carra de Chirico and Morandi. Ends March 27.

F.T. CROSSWORD PUZZLE No. 5,100



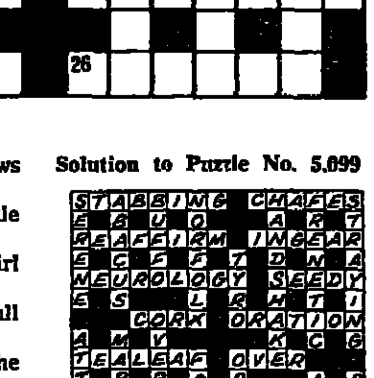
ACROSS

1 Double tea dance (3-3)
4 The lady to move round one slowly (6)
8 Racket era storm (7)
9 Keep purchasing, we hear, presently (2,3,2)
11 Developing countries behind leaders to international arena (5,5)
12 Bird's mode of travel (4)
13 Stubborn creature nearly caught for fine (5)
14 Variety is exciting with circus top in truth (8)
16 Find rare energetic radiation here (5-3)
18 It's corny kind of puzzle to the listener (5)
20 Policy statement has morbid bit in it (4)
21 The crazy vehicle of a *rattling good musician* (10)
23 Lot in favour of music (7)
24 At the very least, a car for mother (7)
25 *The walk for old age to hit* back (6)
26 Aim of camping (6)

DOWN

1 Bus trainer (5)
2 A learner takes in paper on changing gear (7)
3 The rain on the roof? (4,5)
5 A tree gets dull publicity (5)
6 Information for boy applicable to all in class (7)
7 Can one outlet be arranged for this dungeon? (9)
10 Pride on TV, perhaps. Shows forethought (9)
13 Plant cash value's a little short (9)
15 Pardon in respect on the girl charge (9)
17 Went round a gallery in Hull (7)
19 Fancy, I'm against the English! (7)
21 False god embraces name that's commonplace (5)
22 The Queen's put out to make breakthrough (5)

Solution to Puzzle No. 5,099



FINANCIAL TIMES
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Thursday February 17 1983

The path to arms control

IN THE growing controversy over European-based nuclear missiles, there is one proposition (and probably only one) which has overwhelming support in Europe: we must have progress on nuclear arms control and preferably on nuclear disarmament.

There is concern at an arms race in which the superpowers regularly leapfrog each other; at the evidence of Soviet aggression in Afghanistan; at the bellicose anti-Sovietism of some *elements in the Reagan administration.* To many, these are dangerous and de-stabilising factors. Where consensus breaks down is over what kind of arms control to aim at, and how to secure it.

The starting point must be official Nato policy as it stands today. Just over three years ago the alliance decided that it would deploy 572 new intermediate-range missiles in Europe, starting at the end of 1983, to counter the deployment of new Soviet SS 20 missiles; *and that in the meantime the* U.S. would seek reductions in theatre nuclear weapons through negotiations with the Soviet Union.

Escalation

Since then, negotiations have started in Geneva, in which the U.S. has opened with a proposal *to eliminate all intermediate*-range missiles on both sides. The question is this: is there a better way to achieve an arms control agreement for this class of weapons?

Many criticisms have been directed at the original Nato policy decision. Some have argued that deployment of new weapons, so far from "countering" the SS 20s, would just be another escalation in the arms race; others, that the Pershing II missiles, which are earmarked for West Germany and would have a 6-minute flight-time to Soviet territory, are provocative and destabilising; others, that the mobile cruise missiles are inherently difficult *to verify, and would therefore* make an arms control agreement more elusive.

These criticisms have a validity, of a one-sided kind. The escalation in this class of weapon began with Soviet deployment of the SS 20; if Pershing IIs are provocative, so are SS 20s; if cruise missiles are mobile, so are SS 20s.

The most powerful critique against the deployment of new Nato missiles is that their military rationale, in the context of mutual deterrence, is highly debatable. Both sides have such a proliferation of nuclear weapons of different types and ranges, according to this argument, that the upgrading of one type cannot make a significant *difference to the stability of* deterrence.

By now, however, these purely military factors have been overtaken by two other considerations: how to secure an acceptable arms control agreement, and how to hold the Atlantic Alliance together.

Reluctant

In the worst case analysis, these two considerations could become one; for if the U.S. fails to secure a deal in Geneva, and then the anti-nuclear protestors in Europe manage to prevent deployment, the alliance will be shaken to its foundations. One U.S. spokesman has already warned it could lead America to withdraw its troops from Europe.

The Soviet Union is doing its best, by propaganda, to undermine European support for the 1979 Nato twin-track decision, and for the time being remains clearly reluctant to offer any deal which the West could possibly accept. Nevertheless, there have been signs of movement on the Soviet side over the past three years, even if it has not gone far enough. It seems clear that only the prospect of deployment, or the beginning of deployment itself, will provide *the incentive for Moscow to take* the final steps towards a compromise.

Alternative

If the European governments want to keep Nato together, they must stand by the 1979 Nato decision, on the grounds that this is the only way to secure an arms control agreement which would minimise, if not actually ban, the presence of these weapons. The alternative is for an acceleration of the arms race in other types of weapon, a yawning fissure in the Atlantic Alliance, and a further increase in East-West tension.

It is now too late to raise *specific objections to the pro*posed weapons, or to argue that Nato does not really need them for effective deterrence. The choice lies between the twin-track Nato decision—deploy or disarm—and unilateralism. There is no middle way.

A right of reply to the Press

TOMORROW, Mr Frank Allaun's *inelegantly named Right of* Reply in the Media Bill comes up for its second reading in the House of Commons. The bill would give a statutory right of reply to any person who "has reasonable grounds for considering (a newspaper or broadcast report) to be factually inaccurate or distorted."

The reply would normally have to be printed within three days of a request to do so, and the complainant could insist that the reply was of "equal length to the report replied to" and "printed in the same position as that report."

Disputes would be referred to a new panel chaired by a judge. A recalcitrant newspaper would be liable to a fine of up to £40,000.

Disquiet

There is no doubt that the bill reflects a widespread disquiet felt among the general public at the way that the Press uses and in some cases abuses its freedom. In just the same way, a substantial section of the journalistic profession is concerned at the issues raised by the bill.

If a newspaper, whether it be a *mass circulation* tabloid or a low circulation paper of record, makes an error of fact, and in particular if that error of fact is damaging to an individual or organisation, then that person ought to have some recourse to limit and if possible eliminate the damage that such a false report causes.

Examination

In a perfect world, he would write to the newspaper pointing out the error and the error *would be corrected in an appro*priate manner. Where a libel is involved, the complainant can go to law and in some cases win substantial damages.

In practice, this perfect world rarely exists. The readiness to admit error varies from newspaper to newspaper and from case to case. By no means every complaint of inaccuracy made to a newspaper bears examination, and a large number more fall into that grey area where one *journalist's interpretation* of events is another man's distortion. A prosecution for libel is both time consuming and expensive.

The case for some form of statutory right of reply is that the principle of a free Press has to be tempered by the rights of individual citizens. An individual about whom something inaccurate is printed needs some recourse in law to counter what the public perceives to be the enormous power of national newspapers. It is argued that a statutory right of reply exists in Germany, France and Denmark, and that a free Press continues to flourish.

The classic case against the law intervening in these matters was made by Thomas Jefferson 170 years ago: "I deplore . . . the putrid state into which our newspapers have passed, and the malignity, the vulgarity and mendacious spirit of those who write for them." But this was "an evil for which there is no remedy; our liberty depends on the freedom of the Press, and that cannot be limited without being lost." This is a powerful point of principle.

Overdue

In our view, Fleet Street needs to start putting its own house in order. Today's statement from the Press Council that it will speed up its procedures is long overdue. But the present Press Council does not enjoy the confidence of either the general public or of all Fleet Street's newspapers, and lacks the teeth it needs to do its job. Nor is Fleet Street united on issues of journalistic ethics; the process of working towards any consensus will be an arduous and painful one.

In the meantime, the Allaun bill should not be given a second reading. Even if the *case for statutory right of reply* had been made, the bill is far too sweeping and the proposed judicial quango far too cumbersome to fulfil its purpose. Fleet *Street must go through the pain*ful process of learning to regulate itself.

THE U.S. LABOUR SCENE

Why America's unions are at a turning point

By John Lloyd, Labour Editor

"WE FEEL we've been given no part to play in this Administration," says Murray Seeger, chief spokesman for the AFL-CIO, the U.S. unions' confederal body, gesturing through his office window to the White House half a mile away acros the park. No-one in the Administration attempts to deny it.

Under President Carter, union leaders could drop in any time—especially towards the end of his presidency, when they were almost the only organised group whom Carter had not estranged. Now, they have to make do with just looking at the White House, like everybody else.

U.S. labour is clearly at a turning point. Spurned by Government, battered by recession and threatened by automation in every sector, it is striving to expand in new areas, to form alliances with black and women's organisations which it had previously shut out, to exercise greater influence over a *Democratic Party which is itself* searching for a coherent programme and a credible presidential candidate. It is on the success of these efforts that its very future as a power in U.S. society beyond the year 2000 will depend.

The U.S. unions grew rapidly after the (First) War Labor Conference Board established col*lective bargaining in key indus*tries. The industrially-based unions, as the mine and auto workers, split from the craft-dominated American Federation of Labor in 1936 to form the Congress of Industrial Organisations: the CIO rejoined as the junior partner in 1955.

After the Second World War, with membership high, the unions undertook a purge of all Communist and many left-wing elements in the face of a cold war whose themes management pressed into service in an attempt to brand all *organised* labour as subversive. The unions proved their democratic credentials (though some never purged organised crime from their ranks) and in so doing, shaped themselves into a considerable force in U.S. society and a pillar of the Democratic establishment.

Yet the fact that they *organise at least potentially in* opposition to the interests of capital has meant, in effect, that they remain at best uneasy partners with business interests and the Government. Industrial relations veer sharply from unorganised acquiescence in many sectors—especially the service sector, employer of some 60 per cent of U.S. labour—to heavily unionised combativeness in older industries such as autos, steel or deep mine coal.

By contrast, U.S. management not only generally sees unions as a disease to be avoided but —unlike many of its European counterparts—can avoid it. Alexander Trowbridge, president of the National Association of Manufacturers, says his members are "increasingly interested in getting improved employee relations in order to avoid creating the conditions where unions are demanded." *He equates unionisation* with inflexibility: in a recent speech to the Washington chapter of the Industrial Relations Institute, he praised high technology companies for their "outstanding personnel programmes which help deter unionism"—and for setting up in states where "Right to Work" laws effectively curtail union recognition.

The AFL-CIO's name for this is union busting, and unions are hurt badly by it. Consultancies have expanded their scope in *advising managements how to* avoid unions over the past decade; while companies like Dupont have held off head-on attempts to unionise them. U.S. *unions usually have to win a* representational election in order to be recognised: even if recognised, a subsequent re-election can remove that status. Unions have lost more such elections than they have won in recent years, and spent millions in fruitless organisation drives.

Two extra factors have now put a novel pressure on the unions: Reagan and recession. The unions tend to blend the two into one.

President Reagan, himself *once president of the* AFL-CIO-affiliated Screen Actors Guild, did not use anti-union rhetoric in his campaign for the White House: and his strong line on defence helped win him up to 50 per cent of union members' votes. But once elected, he has made no efforts to woo labour: AFL-CIO president Lane Kirkland told reporters recently he *never placed calls to* or received calls from Reagan, an extraordinary state of affairs in the U.S.

Barry Bosworth, former director of Carter's short-lived Council on Wages and Price Stability and now a Brookings senior fellow, says: "It's been shown that there's been great growth in the incidence of people who organise unions being fired. The Government does nothing to stop this; the employers and the unions fight it out forever in the courts and *by the time it's settled, who* cares? The company's made its point and the union's gone."

Reagan has twice personally intervened in the labour scene, *both times to the detriment of* the unions. He kept the airlines running in 1981 in the face of a controllers' strike—in doing so, he smashed their union, Patco. Last year he forced the train drivers to arbitration, which ended their traditional 15 per cent differential over other rail workers. Both initiatives were popular.

The recession, though, is the more serious matter. Presidents come and go but employers endure and are harder to beat in harder times. Across much of U.S. industry unions are signing "giveback" contracts: giving up wage rises or accepting wage cuts, suffering reductions in the fat package of fringe *benefits which accompanies* most U.S. deals, forgoing their cost of living increases. Airline, food, engineering and auto workers have all signed early contracts at standstill wages. Only the steelworkers have (so far) spurned the recommendations of their union leaders to sign early contracts carrying wage cuts which the companies claim they need to survive.

The auto industry has commanded the most attention. It is the industrial heart of the U.S.: the U.S. auto workers are the wage leaders, and at times the social conscience, of the AFL-CIO. At GM and Ford, early negotiation on contracts in 1982 froze wages and cut benefits: *in return workers got* promises of profit-sharing (when there were profits to share), some job security and more information (mostly discouraging).

Chrysler, surprisingly, proved the odd man out. There, the workers had had two years of givebacks to a company sup*ported by government and with* its back to the wall: a third year was not on. Scorning the wage freeze recommended by Doug Fraser, the UAW president—who then relinquished his seat on the board given in recognition of his members' sacrifices—Chrysler workers in Canada struck and forced wage rises for themselves and their U.S. brothers.

Bosworth sees this as proof that matters have changed little. "That company was 24 hours away from being wiped *out, and only then* did the workers agree to a deal. Then the company cames back a little and immediately the workers say: we want our money back."

The UAW does not—as might be expected—subscribe to the view that its recent contracts were wholly awful. Fraser stresses that, in the breakthrough Ford contract signed last March, the union gained guaranteed income for workers to be laid off, improved benefits for those already laid off, lifetime employment for 80 per cent of workers employed in two large plants chosen to experiment in this straight lift from Japanese practice and increased commitment to consult, with the right of a UAW executive to address the board twice a year.

Peter Pestillo, the young industrial relations director who made the deal with Fraser, stresses the experimental nature of, for example, "lifetime" employment schemes—but draws the broad conclusion *that "in auto, collective bar*gaining is barely a 40-year-old phenomenon: as institutions go, pretty young. What we at Ford have done is to confer legitimacy on the union. We resisted them for a very long time—now we have concluded that they will be with us for as long as we are around, therefore we must have a way of having a mature relationship."

It remains to be seen whether Ford—and other—workers regard more mature relationships as a sufficient trade-off for immature wage rises: Fraser believes they will. He, and his fellow union leaders, also point to other factors which, they say, testify *to the continued health of the* U.S. labour movement.

● While membership has shrunk in traditional sectors, growth in other areas has partially compensated. The AFL-CIO is making a determined and expensive push for membership in the South: so far, little has come of this but, says Fraser, "Sooner or later these Southerners are going to say: we're not second-class citizens, we should get as much as Northerners and in the end the company is going to have to capitulate or we'll *organise them, or both.*"

More proven ground is the professional and white collar sector. White collar workers grew from 47.5 per cent to 52.5 per cent of the U.S. workforce in the 1970s: in the same period, those unionised grew from around 4m, or just over 23 per cent of AFL-CIO membership, to just over 7m, or 35 per cent.

The American Federation of State, County and Municipal Employees is constantly cited as the wunderkind of unionisation. Under the leadership of Jerry Wurf, a New York radical socialist who began by organising restaurant workers to further his ideals and pay his bills, (Wurf died last year), the union grew from around 100,000 in 1955 to over 1m.

● Some sectors have been at least partly immunised from recession by their own continued health. Electrical workers recently signed a three-year deal carrying 24 per cent wage increases: Glenn Watts, the president of the Communications Workers of America told his Bell members last month on the eve of contract negotiations that "we are dealing with a healthy growing industry and a very profitable company—we have worked for and deserve a share of these improvements."

● Perhaps most significantly, the unions are seeking to compensate for weakness in the marketplace with increased influence in the political arena. The AFL-CIO executive has reversed the formal political neutrality it held to under its late president, *George Meany*, with a decision last August to enter into the nomination procedures for a Democratic presidential candidate: in effect, to endorse, at a board meeting in December, one or other of the presidential hopefuls as the union man.

As things stand now, they are bound to have a considerable effect on Democratic economic policy. Their concerns—for an industrial programme which would involve more government aid to industry and "fair trade," possibly through "local content" legislation now being promoted by the UAW, specifying that a high proportion of goods imported be made in the U.S.—could form a major part of a Democratic platform.

A number of union leaders, with some support from Democrats and intellectuals, favour a revival of the aborted Carter "social compact" where job security and increased investment are traded off against wages. But this idea has not, it seems, caught the imagination of the influential group of largely younger Democrats—of whom Senator Gary Hart, a presidential hopeful, is one—who are moving away from their party's traditional reliance on government spending towards stimulation of world trade, technology and growth. These neo-Liberals—or "Atari Democrats"—see the unions as potentially hostile to their aims. Others believe that the typical three-year contracts have now become unwieldy obstacles in a rapidly-changing scene, and wish to replace them with one-year contracts, possibly underpinned by legislation.

In the end, the U.S. unions can rely on nothing but their own ability to organise, bargain and win. These abilities have been abundant in the past: they are now seriously weakened. The unions will need to make great efforts—greater than at any time in their past—if they are to demonstrate them again in the future.

This is the first in an occasional series on trade union movements in major industrialised countries.

TWO KEY UNION LEADERS

Douglas Fraser

HAVING LEFT his native *Glasgow in 1922, Doug* Fraser spent much of his adult life struggling to organise the auto plants of Michigan and Illinois. Tall and gaunt, with a brilliant smile and a profane charm, his bargaining reflexes are those of a man accustomed to winning fat deals and big fringe benefits—or to calling out *his members if refused.*

He has seen his members' incomes rise to 65 per cent above the average industrial wage.

Yet, at the end of his career, he has presided over givebacks in the auto industry for the first time since the war and became the first controversial worker director, on the board of Chrysler.

He defends both. He thinks he can better the concessions wrung out of the auto companies last year, and says his presence on Chrysler's board—*the idea came when* Chrysler proposed it in the UK in 1976 as a quid pro quo for a Labour Government bale-out — stopped executives awarding themselves big pay rises and forced them to consider social criteria before closing a plant.

"I think it should exist across the piece in the U.S. I believe there should be better understanding on boards of the needs of workers, and on the workers' part, of the problem of the company. *If there are problems, you should know.*"

Glenn Watts

THE SON of a dispossessed North Carolina sharecropper *who trekked to Washington* for work in the depression, Glenn Watts was first enrolled in a union when working as an usher in a Washington cinema. Switching to telephone engineering, he rose rapidly through the union ranks to become CWA President in 1974. Less well known than Fraser, he is as well regarded. He has shaped the CWA into an outward-looking union which now runs TV commercials exhorting prospective members to join "the trade union family that's helping to build this great *country of ours.*"

He sees a "new era on the horizon of collective bargaining"—traditional adversarial relations may be gradually modified by co-operative union - management endeavours." He thinks other issues than wages will become increasingly important

In more traditional vein, Watts has set himself the task of organising IBM, seeing the company's entry into the communications field as a way in. He has long *foreseen* the consequences of the diversification of Bell (AT&T) into *separate companies,* and has signed agreements to retain his membership in the new groups.

Politely scornful of old fashioned tough guy unionism, Watts' approach is seen as the most likely to win his — and other — unions' success, if any is to be won.

Men & Matters

Shinn leaves First Boston

Although Wall Street was taken by surprise at the news that George Shinn is retiring at the *age of 59 as chairman and chief* executive of First Boston, the move had apparently been planned within the firm for some time.

The investment bank, which seems to feature in all the bloodiest takeover battles these days, has been transformed since he moved over from the president's office at Merrill Lynch in 1975. Net income in 1983 totalled $93m, having fallen to as little at $1m in 1978.

Of course these figures owe a lot to the amazing boom which is still under way on Wall Street. But in addition, First Boston has become a much more aggressive, risk taking business, despite its conservative manner. Shinn has vastly expanded the trading side, where revenues have increased more than tenfold in seven years and built the highly visible merger and acquisition department just about from scratch.

His successor as chairman, Peter Buchanan, joined the company in 1956 when it was little more than a gentleman's club, and played a big part in developing the trading side. Now aged 48, he plans to continue the emphasis on wholesale institutional business, rather than retail brokerage and to de*velop the international side* through the successful stake in Credit Suisse-First Boston.

As for the group's image, he's happy for First Boston to be seen as aggressive, "but I wouldn't like people to think that we are riverboat gamblers."

"That's rather large for a bridging loan—youre not Mexican by any chance?"

On safari

Jerry Nanna is making his third visit to Britain within a year, and not even the bitter wind *blowing through London's West* End can take the edge off his enthusiasm for British craftsmanship.

Nanna is president of Abercrombie and Fitch, the up-market American stores chain specialising in sports goods and accessories. He is in London to look for more paraphernalia including croquet sets, fishing rods, picnic baskets, shooting sticks, safari hats, pith helmets . . . and similar essentials for the sporting life.

Pith helmets. Well, Nanna does a nice line at $125. "They are handmade in England and perfectly express the timeless look for which Abercrombie and Fitch is famous," he *says.*

"People want to wear safari outfits in the city now, not just in the country. I see sportsmen wearing these outfits in the club (*this club, not mine. I hasten to* say), and photographers wearing them in the street. You don't have to go on a true safari to wear a full safari outfit."

The big line at the moment though is a gravity guiding system at $780. This machine allows the user to hang upside down. "Simply it's a yoga position to use gravity on the organs the other way round to relieve stress and strain, improve posture, and help eliminate backache."

Set up in 1892 when pith helmets were all the rage Abercrombie and Fitch collapsed in 1976 and only re-opened when Oshman, a Houston concern, bought the name. Since then it *has sought to extend its* exclusivity without losing its exclusiveness.

Nanna explains "Abercrombie is no longer an exclusive men's club. We are catering for the top 25 per cent of the market place and no longer for the top 5 per cent."

To this end the company will *provide the needy sportsman* with a domino set with "club size" dominos at $50, puff billiards for $295, a Cape Cod telescope at $1,350—presumably for the transatlantic sailor, a dog-head cane priced modestly at $25.

Star turn

Surprising the different views you can get through a telescope.

Last week, Sussex University's science policy research unit sent newspapers an embargoed press release titled: "Britain's biggest telescope—a failure."

The dons alleged that the Isaac Newton telescope of the Royal Greenwich Observatory—formerly at Herstmonceux in Sussex but lately moved to the Canary Islands where the skies are clearer—has a "startlingly" poor record of scientific research.

The unit's researchers, it said, had found a "dramatically" lower level of productivity from the instrument than from foreign counterparts. It was a "third rate" research effort, "ill-starred" from the outset. It accused the Science and Engineering Research Council of suppressing public discussion on the matter.

But someone must have taken another look. The press release has now been withdrawn and another, less likely to make the front pages of the papers, sent out.

For "failure," it substitutes the rhetorical "how well has it performed?" For "startlingly poor record," it suggests instead a "rather poor record:" *and what was "dismal" is now* merely "undistinguished."

No longer is the telescope "ill-starred"—just "problematic." And gone altogether is *the suggestion that someone* has been keeping the matter in the dark.

Paddle power

Flight Lieutenant Jerry Rawlings, who ousted Ghana's civilian government for the second time in his career at the end of 1981, *is taking no chances about* security.

Military manoeuvres are under way this week to ensure that the nation's armed forces *will be up to scratch should* the frequently forecast invasion of his country by hostile mercenary forces take place.

Ghana radio reports that the civilians lending a hand as a sort of latter-day Home Guard include "militant canoe fishermen" to assist with amphibious troop landings.

Africa hands are recalling General Mobutu's enlistment of pygmies bearing bows and arrows when Zaire's Shaba province was invaded by rebels in *1978.*

Man of account

A statistician is . . . someone who can figure his way from an unwarranted assumption to a foregone conclusion.

Observer

ECONOMIC VIEWPOINT

The TUC case on unemployment

By Samuel Brittan

AN INDICATION of the low level to which economic debate has sunk in this country is the silence which greeted the TUC Economic Review for 1983, published at the beginning of this month.

Very important is the robust job done by the TUC in refuting certain "lump of labour" fallacies, eg that new technology must mean unemployment or that "immigration" and "women going out to work" are to blame. On these issues it displays more economic common sense than can be heard in the "pessimism over the brandy" talk so often in evidence in the business and financial communities.

Most relevant of all for long term policy is the TUC's attempt to refute the view that the upward trend in unemployment is due to workers pricing themselves out of jobs—or not being allowed to price themselves into them.

This was at one time a major government theme. Since the "Falklands factor" arrived and the subsequent coarsening of all argument, the emphasis has shifted to the so-called "resolute" approach, to "Buy British" campaigns and so on.

The "pricing out of work" approach to unemployment has greater potential validity than most of the Government's other claims which receive more emphasis. It may help to explain the long-term unemployment rise in several different countries, especially in Europe.

One TUC argument against "pricing out of work" is a simple statistical point: that the proportion of domestic income deriving from employment has not increased over the past two decades. The figures supporting the TUC case are shown in the first row of the first table. It is a reflection of the ritual treatment of data and documentation that these figures caused no great stirrings among the Government, employers' organisations or even TUC leaders themselves.

Indeed the TUC could have made its debating case even stronger by deducting employers' National Insurance contributions, without which wages would have fallen by about 5 per cent as a proportion of domestic income. It says something in favour of the TUC presentation that the authors faced the fact that these are an employment cost, just like wages, and resisted the temptation.

SHARE OF PAY IN NATIONAL INCOME

	1963-67	1967-72	1972-75	1975-81	1981
Including N. Sea oil					
Income from employment as % of total domestic income	68	67	66	66	67½
Income from employment as % of national income	74	75	77½	79½	81
Excluding N. Sea oil					
Income from employment as % of total domestic income	68	67	66	68	71
Income from employment as % of national income	74	75	77½	82	87

Source: CSO

The second row shows the figures that the CBI usually cites to make the opposite point and demonstrates a rise in the share of employment costs. The difference is that in the first row the figures are a proportion of gross domestic income (equivalent to gross domestic product) and the ones in the second are a proportion of national income (equivalent to net domestic product). The biggest difference between the gross and the net is that the latter deduct an allowance for "capital consumption" which has been showing a strong trend rise. Capital consumption is the rate at which the nation's stock of capital equipment is estimated to wear out.

In principle the net measure is surely right; for if capital consumption is ignored and treated as part of profit, business capital will run down. The main argument on the side of the gross measure is simply the extreme difficulty of measuring capital consumption—and therefore national income—with even approximate accuracy.

North Sea oil has an important effect on the trends. In the 1960s income from employment accounted for 75 per cent of the national income; and trading profits and rents of industrial and commercial companies accounted for nearly 13 per cent. In 1981 the proportions were 81 and 10 per cent respectively. But of that 10 per cent about half was accounted for by North Sea profits. If these are excluded the profit share falls to about 5 per cent and the employment costs rises proportionately to 86 or 87 per cent as shown in the last row of the table.

Of course pay and profit shares are only suggestive, and not conclusive evidence of movements to and away from market-clearing pay rates.

Moreover, once capacity has been adjusted to a particular pattern of excess real wages, it is possible that a stable long-run relation between profits and wages re-emerges, but a pool of unemployed people remain who cannot find work at prevailing pay levels.

The TUC's other argument against the "pricing out" doctrine is theoretical rather than statistical. This is that although wage cuts reduce costs they also reduce demand because "they reduce the ability of workers to buy goods and services." Therefore "firms will have no incentive to produce more by taking on extra workers."

This argument is as old as the hills, but it is still very rarely met in public debate and it is time it was discussed instead of being ignored. Flaunting opinion poll data is no substitute for rational argument.

In fact the TUC view that wage cuts or lower wage increases may fail to stimulate employment can be true in the short run, *unless the Government chooses to make it otherwise.*

Why "can be true" rather than "*is true*"? This is because the economists whom I call "technical monetarists" put a great deal of weight on the effect of a lower level of pay and prices in boosting the real value of financial assets: everything from cash in the bank or pocket to holdings of fixed interest securities. Spending by both consumers and business is sensitive to increases in real wealth as well as take-home pay. Therefore it is supposed, "real demand" will increase if inflation comes down more quickly.

The "real balance" effect undoubtedly exists. But we really cannot be sure that it will be large enough — or will not be offset by other influences in a deflationary environment. The economic policy of great nations should not, and does not need to, depend on highly uncertain arguments among model-builders about *its size and speed of action.*

There *is* an alternative framework which avoids the dangers both of the worst kind of "reflation" and of allowing depression to persist unnecessarily. That is for governments to use their endeavours to keep total spending as measured by Money (or Nominal) GNP or GDP on a stable upward path, designed to deliver a reasonable recovery of output and employment, provided that pay and prices do not begin to escalate again.

The lower table shows what is involved on an international basis. In the main industrial countries, monetary demand measured by Nominal GNP, has been rising by about 10 per cent per annum in the dozen years up to and including 1981. There have been a number of shocks in that period which have tended to boost prices; and governments—with much more heartache than the smooth averages suggest — eventually decided not to accommodate rising inflation for fear that it should soar right out of control.

Once the policy of "no accommodation" was taken on board and wages and prices began to rise more slowly in response, more of any given demand growth should have been available for rising output and less run to waste in inflation.

Unfortunately this recovery strategy has been undermined because demand growth has not been maintained even in nominal terms. On an international scale Nominal GDP growth has plunged from 10 per cent to 6½ per cent last year. In the UK it has fallen to 8 per cent (compared with 10 per cent implicit in the Medium Term Financial Strategy). In the U.S. it has plunged from 11½ per cent to 4 per cent. As pay settlements and inflation rates have fallen, monetary demand has been allowed to chase them downwards and thus aborted recovery.

Some rather inadequate recovery is forecast by the OECD for 1983; but the risks on the downward side were emphasised by OECD itself. I am not suggesting that governments and central banks have the power to determine a perfectly smooth growth path for monetary demand. But if they had at least a conscious policy for it, as the U.S. Council of Economic Advisers now has, they would be alert to deviations of the scale experienced in 1982 and would be able to take remedial action sooner.

There is no black magic in an objective for Money (or Nominal) GDP. It is simply a common sense guide to the use of existing instruments of monetary, fiscal and exchange rate policy. Nor does its use compel governments to ignore the division of national income growth between inflation and real output as is sometimes alleged. It does imply a recognition, however, that governments cannot dictate that division. It recognises the need for two fail-safe mechanisms: one to ensure that over-optimism about the *scope for* expansion does not lead to all the agonies of another inflationary take-off; the other against unintended collapses of monetary demand, should the system not be self-stabilising as some economists hope.

NOMINAL GDP GROWTH IN INDUSTRIAL WORLD

(Annual percentage growth)

	1969 to 1979 GNP	1969 to 1979 Prices	1969 to 1979 Output	1980 GNP	1980 Prices	1980 Output	1981 GNP	1981 Prices	1981 Output	1982† GNP	1982† Prices	1982† Output	1983‡ GNP	1983‡ Prices	1983‡ Output	1984 1st half‡ GNP	1984 1st half‡ Prices	1984 1st half‡ Output
U.S.	9½	6¼	3	9	9	0	11½	9½	2	4	6	−2	8	6	2	9	5½	3½
Japan	13½	7½	5½	7½	3	4	6	3	3	5	2	2½	6½	3	3½	8½	4	4
Germany	9	5½	3	7	5	2	4	4	0	3	4½	−1	3	3½	0	5	3	2
UK	15	12½	2	17	19	−2	10	12	−2	8	8½	½	7	6	1	6	4½	1½
Total of main seven* OECD countries...	11	7½	3½	10	9	1	10	8½	1½	6½	7	−½	8	6	2	9	6	3

* Above four plus France, Italy and Canada. † Estimate. ‡ Forecast.

NB Because of rounding and additions of percentages GNP growth is only approximately equal to price plus output change.

Source: OECD

Lombard

A gamble on inflation

By Clive Wolman

IN 1982, pension fund managers achieved an all-time record return on their conventional gilt portfolios — over 50 per cent on longer-dated stock, according to figures published by stockbrokers Phillips and Drew.

But the question remains as to whether the men who control over £80bn of people's lifetime savings should be gambling on future inflation rates by investing in gilts and other fixed interest stock. For the 1982 achievement has done little to disguise their abysmal long-term record of gilt dealings in the face of inflation, going back to 1935.

In the last 20 years, the average real (inflation-adjusted) return on pension fund gilt holdings has been *minus* 2 per cent per year. Yet at the end of December conventional gilts and debentures still made up 22.4 per cent of the total holdings of private sector pension funds. By contrast, inflation-proof index-linked gilts, which were introduced in March 1981 offering a real return of about 2.5 per cent per year, together with other indexed investments made up only 3.5 per cent of their portfolios.

The average redemption yield on long-dated stock with maturity dates stretching to 2017 is currently about 11.25 per cent. If inflation averages more than this over the next 10, 20 or 30 years, the real return will once again be negative.

In a 1981 paper on indexing long-term financial contracts, Professor David Wilkie, research actuary at Standard Life, extrapolated from post-war inflation rates to show that the range of possible real returns from a conventional gilt, even over only ten years, was extremely wide — and the inflation risk therefore high. He calculated that the probability of a negative real return being achieved was 47 per cent.

This analysis shows that the dangers of inflation make conventional gilts an even more hazardous investment than equities. The choice of a diversified range of shares in the UK and overseas can squeeze out many of the risks of equity investment, from which pension funds have achieved an average real return of plus 3 per cent per year since 1963. By contrast a return of mid-'70s-style inflation would undermine the value of conventional gilts and debentures and constitutes a risk against which pension funds are inadequately hedged.

Pension fund managers point out that if they all decided to liquidate their conventional gilt holdings together and switched into index-linked, there would not be enough to go round. Their prices would rise and redemption yields fall.

But if the switching was done over a period, both the Government Broker and corporate treasurers would have an incentive to run down their conventional stock and issue more index-linked bonds to satisfy the demand. In any case pension funds can also invest immediately in the index-linked mortgage schemes available which offer a real rate of return of 4 per cent plus. Through lack of funds they are currently unable to grant home loans to more than a tiny proportion of their applicants.

Most fund managers say they are reluctant to increase their index-linked investments, believing that they must take a view of the economy. One example is a portfolio manager responsible for over £1bn of assets in 50 pen sion funds. His investment strategy assumes a low rate of inflation over the next decade as he believes that the economy moves in 50-year cycles and that Mrs Thatcher will win the next election.

For most of the 19th century, with prices falling, the courts insisted that trustees put all their money into consols. But today's judges take an increasingly sophisticated view of the dangers of inflation. The "prudent" businessman of the 1980s rarely allows himself to be locked into fixed prices or rents in his long-term contracts but insists that they are reviewed frequently.

A year ago, pension funds were unwilling to sell their gilts in advance of the long-awaited surge of gilt prices. Now they have made their profits, they should run down their stock and show their reluctance to gamble on forecasts about the distant future which the responsibilities of their office demands.

Letters to the Editor

Privatisation of Associated British Ports

From the SDP/Liberal Alliance Prospective Parliamentary Candidate for Gravesham

Sir,—The point of privatising should be to increase competition and consumer choice. Will this occur when the 19 ports constituting the Associated British Ports (ABP), formerly the British Transport Docks Board, are sold off to investors? The heavy oversubscription of shares indicates that all the 49 per cent shares will be taken up at a knock down price. It looks like a repeat of Amersham International where the unseemly rush of stags, on the day, led to adverse publicity.

In any event, why sell off a large slice of a nationalised industry which has no monopoly and which has been in competition with other ports in the country. The British Transport Docks Board (now ABP) is Britain's largest port authority; it handles about ¼ of the United Kingdom seaborne trade. It is ironic that BTDB has been in the black over the past two decades with the exception of the years 1969, 1970 and 1981 while many other ports in the country outside ABP (London and Liverpool for example) have lost millions and have had huge sums pumped into them by governments of the day. BTDB has been an example of nationalisation which has succeeded, partly because of the competitive element with other ports and partly because of its efficient management.

Privatisation will not increase competition and consumer choice since such are in existence already. Why then sell off a national asset at a ridiculously low price after the cancellation, by the Government, of an £81m loan? The official price of the shares is about £22m and must be looked upon as a distressed price. When the Government put a £45m price tag on ABP many analysts in the City were surprised, having expected a figure of perhaps twice that amount. The oversubscription for shares by 25-30 times shows that the Government is again selling the nation short in its privatisation policies. If the shares open with a premium of around 20p (as estimated) the successful applicants in the issue will have an instant £4m profit. If this occurs it must rank as something of a scandal in that valuable public transport assets will have been sold off at a bargain basement price.

While there was no case in the first instance for selling off any of ABP, at least it could and should have been sold at a proper market price. The result is a switch from the public to the private sector (with profits only to those who can afford to buy) which was unnecessary in view of the already public/private ratio regarding British ports as a whole, and the success of the nationalised ports over the years. ABP belonged to all of the citizens of the country so that, once again, a relatively small number of persons with money will gain over the many millions who can only keep their heads above water let alone buy shares.

D. Davies.
Albert Buildings,
48, Queen Victoria Street, EC4.

Channel 4 and the levy

From Mr F. Brown

Sir,—The Treasury is losing income due to Channel 4 states Mr R. J. Pearce (February 11). Change it, he adds, to ITV2. There is little difference for the Treasury, and its unpredictable levy, in the two options.

In exchange for their "subscription" to Channel 4 fixed costs, the contractors keep the extra advertising income. Profit or loss on this transaction leads to less or more levy. As an ITV2, the cost of programmes made or purchased would, similarly, have been offset against advertising (with more or less levy).

Parliament decided that viewers (the Treasury's big-income sector) would be better served by a new independent channel. So, while Mr Pearce appears to be hostile to Channel 4, at least the Treasury can feel that a temporary shortfall (because the advertisers are fighting the actors) is petty cash contributed towards more varied home entertainment given to its millions of willing and regular annual subscribers.

Frank Brown,
20 Bennerley Road, SW11.

Deep discounted stock

From Mr A. Ratcliffe

Sir,—I was interested to read Mr W. H. G. Sadleir's letter (February 8) regarding the Inland Revenue's consultative document on the tax treatment of deep-discounted stock. He is absolutely right to question the attraction for investors which these stocks will offer if some of the proposals made by the Revenue are enacted. In this connection he makes an interesting alternative suggestion. It is not clear, however, whether there is symmetry in the suggestion as it appears that relief will accrue to the borrower throughout the life of the stock while an investor will only be taxed on disposal.

I would therefore propose a further alternative which, while not being symmetrical, levies tax on the investor no later than relief is granted to the borrower (possibly a more attractive option for the Revenue). I envisage a situation where the lender is only taxed on disposal, albeit at income tax rates, with the borrower receiving a revenue deduction upon redemption. In order, however, to alleviate the incidence of the tax charge and to improve the possibility of securing full tax relief for the borrower in the year of redemption, I would propose a facility to spread the income or the relief over the previous, say, three years (i.e. a form of top-slicing relief which has been incorporated in previous tax legislation).

There are two other aspects of this consultative document which I believe also require urgent consideration. In the Press release on this subject on June 25 1982 the Revenue indicated that it considered relief should be available for the discount on deep discounted stock because, as with interest paid, it represented "the reward for the use of money." This is a very interesting statement, as it brings into question why there should be any form of payment, which represents the cost of using money, which does not qualify for tax relief in the borrower's hands. The consultative document refers to deep discounted stock being defined as possibly ½ per cent or possibly ¼ per cent discount a year over the life of the stock. There does not appear to be any clear thinking of what is appropriate; nor, I would suggest, is there any magic about either figure, or any other. If, however, a stock is issued which does not qualify as "deep," and that issue is made by an investment company (rather than a trading company), which a majority of parent companies are, there does not appear to be any way in which tax relief could be obtained by the borrower. An identical problem already exists in relation to obtaining tax relief on discounts on acceptance credits issued by investment companies.

My point is why should there be discrimination? They are all forms of borrowing and they are all "*reward for the use of money.*" This is a slightly broader issue than just deep discounted stock, but the principle is the same, and I believe the opportunity which this consultative document offers should be taken to examine the wider issues.

A. G. Ratcliffe,
Deloitte Haskins & Sells,
PO Box 207,
128 Queen Victoria Street, EC4.

Lone rangers on their bikes

From the Prospective Labour and Co-operative Candidate for Nottingham East

Sir,—Man in the News (February 12) tells us that "Peter Grant took off to a party one evening. It seemed to him strange at the time, but he soon found the Queen's uncle at his side offering him a job in merchant banking."

Perhaps that's where today's legion of unemployed graduates are going wrong. Although they have learned to get on their bikes, they are riding them to the wrong parties.

Martyn Sloman,
19 Kingsdown Road, N19.

Campaign for Labour Party Democracy

From Mr N. Costello

Sir,—Your Political Correspondent (February 11) refers to the Campaign for Labour Party Democracy (CLPD) as "now almost defunct" in an article about the Labour Solidarity Campaign.

The newspapers were caught napping in 1980-81 by the success of CLPD in organising the achievement of the electoral college for the Labour leadership and mandatory reselection of Labour MPs; it seems that the same will happen next time too.

In fact we have more members than ever, and our annual general meeting last month was attended by over 500. At the last Labour Party conference 42 of our model resolutions were on the agenda, compared to less than five by Labour Solidarity.

On different occasions you have described the leadership of CLPD as "Bennite" and as the "stop-Benn faction." In reality our extensive support in the Labour Party has nothing to do with personalities, but is based on the widespread, natural and enduring desire that our leaders should abide by party policy.

Nicholas Costello,
13, Redley Road,
Tottenham, N17

FINANCIAL TIMES

Thursday February 17 1983

WAGE FIGURE FOR 1982 POSES THREAT TO ANTI-INFLATION STRATEGY

UK real earnings rise by 7.9%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE REAL earnings of those in work in the UK rose sharply in 1982, according to the latest figures issued yesterday by the Department of Employment.

In the 12 months to December, average earnings rose by 7.9 per cent, which was 3 percentage points faster than the rise in retail prices during the period.

The department estimates that after allowing for special factors the underlying rate of increase in earnings in the 12 months to December was about 8¼ percent. The Tax and Price index (which measures the gross earnings needed to keep pace with the rise of prices and taxes) went up by 5.8 per cent in the period.

This suggests that the real take-home pay of those in work increased by around 2 to 2½ per cent last year.

This increase may have induced a feeling of prosperity among those in work, particularly towards the end of the year, when British consumer spending rose quite markedly.

For the year as a whole, consumers spent only 1 per cent more than in 1981 in real terms. This relatively small rise in total consumption reflects the fact that unemployment continued to increase throughout the year. Even Britain's nearly 3¼m unemployed did relatively well at the end of the year. Benefits rose by 11 per cent in November when the annual inflation rate was running at 6.3 per cent.

The underlying annual rate of pay increases fell steadily throughout the year, but the fall was considerably slower than that of retail prices. In January 1982, when the annual inflation rate was 12 per cent, the annual rate of increase of earnings had been only 11 per cent.

The change – round from a two-year period in which real earnings were falling to the substantial rise at the end of last year was quite rapid. It may be welcome to most wage-earners, but it poses a potential threat to the Thatcher Government's anti-inflation strategy.

The faster than expected fall in the inflation rate last year reflected the weakness of world commodity prices and the strength of sterling for most of the year.

However, the prospect of a further fall in the inflation rate in 1983 will hinge more critically on a falling trend in wage settlements.

It is estimated that only about 8 per cent of workers have received pay increases in the current wage round. Preliminary evidence from the Confederation of British Industry's pay data bank yesterday suggested that the average settlement in manufacturing industry is about 6 per cent.

This figure is lower than the Department of Employment's partly because it covers a different period and partly because it does not include overtime and other payments.

The Department estimates that the annual increase in basic weekly pay rates in the 12 months to January was 5.1 per cent. This is substantially lower than the 6.1 per cent recorded the previous month and 7.4 per cent in June.

Because of the sluggish state of industrial output last year, the annual rate of increase of wages and salaries per unit of output tended to rise from a very low figure of 3.4 per cent in the first three months. In the past three months the average annual rate of increase was 6.7 per cent.

However, officials are taking some encouragement from the fact that December's increase in industrial output helped to spread wage costs more thinly. In that month the increase of wages and salaries per unit of output was 5.9 per cent higher than 12 months earlier.

In the third quarter, the latest for which international comparisons are available, the figure for the UK was 5.8 per cent compared with 9 per cent for the U.S., 22 per cent for France, and 4 per cent for Japan and West Germany.

Economic viewpoint, Page 11

Venezuela may impose exchange controls

By Hugh O'Shaughnessy and Peter Montagnon in London

DR ARTURO SOSA, Venezuela's *Minister of Finance, hinted strongly* in London last night that his Government would soon impose foreign exchange controls in an effort to stop capital outflows, which have been estimated at up to $100m a day.

"We are prepared to take any and all measures needed to cope with the situation," he said in an interview. Latest figures from Venezuela's central bank show that the country's foreign exchange reserves fell by nearly $500m to $9.039bn in the week ended February 4. Dr Sosa said they have since dipped below $9bn.

He ruled out a devaluation, which he said would only push up prices of food, which Venezuela imports without boosting exports – 93 per cent of which are accounted for by *oil which is priced in U.S. dollars.*

Dr Sosa is in Europe for talks with bankers on plans to refinance $6.6bn of short-term debt falling due this year. Concern has grown over Venezuela's debt and this refinancing is urgently needed to prevent further sharp falls in reserves which would result if this debt had to be repaid.

Efforts by his predecessor, Sr Luis Ugueto, to organise such a refinancing failed largely because of poor coordination with Venezuela, the accumulation of debt service arrears by key Venezuelan agencies and the adverse climate for lending to Latin America.

Dr Sosa said he is working out a more formal approach under which the republic itself would take over the debts of all public-sector borrowing agencies. A group of 10 to 12 leading banks is being asked to make up an advisory committee.

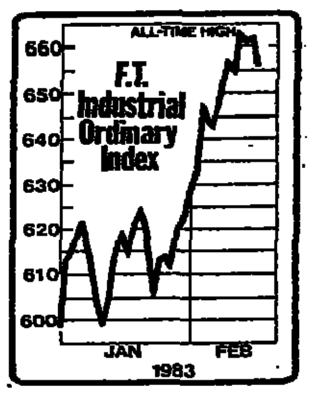
The committee will hold a first meeting in New York next week after Dr Sosa has visited more banks in Europe and Japan. Following that a full meeting of all creditor banks is expected in New York around March 4.

Dr Sosa said he hoped it would be possible to refinance the short-term debt without resorting to an International Monetary Fund stabilisation programme. Venezuela can draw around $1.5bn from the IMF without conditions. Its total public sector debt is some $25bn with about a further $4bn owed by the private sector.

THE LEX COLUMN

Fed drifts away from base

Mr Volcker's testimony to Congress yesterday met an uncertain response from U.S. investors, but was read as an important signal by the international markets. On the foreign exchanges, the dollar was an immediate casualty. The snap conclusion was that a higher money target, combined with significant base drift, could only spell a relaxation of monetary policy. Sterling's relative strength – reinforcing hopes a reduction in UK interest rates – was enough to put some pep back into a gilt-edged market that had looked tired earlier in the day.



The Fed has effectively consigned M1 to the outer darkness, and has stated that the broader aggregates will be the determinants of future monetary policy. However, the door has been left wide open for the consideration of other economic data in deciding the Fed's stance. The new targets will apply from a base set at the end of next month, which no one can predict and which will overlook January's swollen M2. The target range itself has been lifted slightly, just in case recent trends persist a little longer, and the Fed will review its numbers more regularly in future.

The money targets seem all the easier in the light of the Fed's own low GDP deflator of 4 per cent in 1983. So the initial reaction of the U.S. bond market, where prices firmed, looks a little odd. However, institutional buyers were conspicuously absent, and the likelihood must be for a more cautions reaction when dealers have rid themselves of their long positions in recent Treasury issues.

In the UK, gilt-edged were ¾ point lower in the morning, but made a full recovery after Mr Volcker's statement. The expectation is growing that, with the pressure off sterling, interest rates will resume their downward path once the uncertainty over oil pricing is resolved. The expectation is hampering the Bank of England in its moves to relieve money market shortages, since the discount houses are showing great reluctance to sell commercial bills outright.

ABP

The most painful inquest into the ABP flotation is likely to be held over the Post Office's mail handling systems. On the issue's pricing, the egg on the Government's face is strictly limited. The stock closed at 138p yesterday, which compares with the 112p offer price. But the market has moved up by about 5 per cent since the issue was priced, so the effective discount is 15 per cent. This may have been a little more than necessary to rouse the market's enthusiasm, although the extent to which the taxpayer is out of pocket has been narrowed by the interest income on cashed cheques – possibly amounting to 6p a share.

The flotation underlines once again how imperfect is the level of over-subscription – in this case 35 times – as a measure of underlying demand. In current excitable markets, the prospect of any kind of premium is enough to attract the attentions to a sophisticated stragging community.

Perhaps the most important lesson to emerge is the extent to which the City of London's sub-underwriting methods have been strained by the Britoil issue. Not so long ago, only a few institutions would run the risk of refusing an invitation to become a sub-underwriter. Players who wanted to pick and choose their fixtures might find themselves crossed off the list entirely. But for ABP, the level of polite rejections was apparently in the region of 30 per cent.

Magnet & Southerns

Magnet and Southerns has only the flimisiest of arguments for presenting shareholders with a £28m rights issue in its present robust shape. The group has sailed through the three-year recession funding capital expenditure of £28m with a virtually ungeared balance sheet. Although sales and profits have remained virtually static for three years, working capital has been kept under control, and, even this year, when sales are up by around 14 per cent, financing inventories has presented no problem. The group was expecting to be in a net cash position at its March year-end.

But companies that hardly need money are usually in the best position to raise it, and the market responded to the call yesterday with only the merest pressure on the share price – down 2p at 168p. This reaction partly reflects the lightness of the issue: earnings dilution should amount to less than 1p if the group meets the profit expectations of around £35m next year. But shareholders also appear convinced that there are no dangerously grandiose acquisition plans round the corner.

So the market is taking Magnet's arguments for the need to gear up for a revival of demand very much on trust. Having used the recession to develop its product range and win market share, the group will now have to fund substantial new working capital requirements if sales continue to grow at the present rate. A poor budget could, of course, play havoc with these growth expectations – but that is what risk capital is all about.

Marsh & McLennan

The decision by Marsh and McLennan, the U.S. insurance broking giant, to sell off its insurance underwriting activities is financially and politically an astute move. Since Marsh acquired the Bowring insurance group in 1980 for $569m it has been steadily disposing of non-insurance assets. The credit finance arm, the merchant bank, and the shipping interests have gone in a series of sales which have brought in over £113m.

The latest auction could raise £50m or more, depending on the interest shown, making a further dent in the purchase price for the Bowring empire. Furthermore, in deciding to sell off its insurance companies and underwriting activities, Marsh has anticipated that the relationship of brokers with their own insurance arms is likely to come under further scrutiny by the British authorities and at Lloyd's.

Marsh has decided that in general the conflict of interest is unacceptable, and the disposal may set a trend for other brokers to follow.

Peres in talks on 'national unity'

By David Lennon in Tel Aviv

MR SHIMON PERES, leader of the Israeli opposition Labour Party, has been holding discussions with members of the ruling coalition on the possibility of establishing a national unity government.

The impetus for these talks was the political turmoil and civil disturbances which followed the publication of the findings of the commission of inquiry into the Beirut massacre.

Many members of the Labour Party said it would be almost impossible for them to join a coalition with the Likud block of Mr Menahem Begin because of the broad political diferences between the two parties.

But other parliamentarians called for the establishment of a broad-based coalition, during speeches made in the Knesset yesterday, where three motions of no confidence in the Government were debated.

The talks about creating a national unity government have been spurred by the growing rifts in society which resulted in a fatal hand grenade attack on an anti-government rally last week. Some politicians believe that the best way to cool tempers and reduce intolerance is for all the parties to join together in a national unity government thus setting an example for the people.

However, it is generally believed unlikely that this can be achieved, even though Mr Peres has reportedly been offered the post of deputy premier in such a coalition. Tabling the Labour Party's no confidence motion Mr Yitzhak Rabin, the former Prime Minister, cited the inquiry commission report, about defective functioning of the Government and bad relations among the Ministers.

Nothing that the commission studied only the events during a three day period, the former premier asked. "How can we be sure that the same sorry situation did not exist at other times in the Lebanese war?"

Mr Rabin also asked what kind of logic was involved in ordering the Israeli army into West Beirut with the declared aim of preventing Christian vengance for the murder of the Lebanese leader, President-elect Bashir Gemayel, and then allow the Christian Militia into the Sabra and Chatila refugee camps.

The two other no confidence motions were tabled by the centrist Shinui Party, and the Communist Party.

The Government was expected to defeat all three motions easily.

Bonn and steelmakers in battle of nerves over Ruhr group plan

BY JAMES BUCHAN IN BONN

BONN Government Ministers and major steelmakers held talks yesterday in what has developed into a battle of nerves over a radical plan to reshape the suffering steel industry.

Taking part in the talks with the economics, finance and labour ministers were the chief executives of Hoesch, Klöckner-Werke and Salzgitter, a trio that the Government wants to see drawn into a future "Ruhr group" as envisaged in a plan put forward by an independent commission of experts last month.

The financial difficulties of Klöckner-Werke, always the outsider in the German steel industry, evidently dominated the talks, though.

So far only Hoesch and Salzgitter have begun talks towards a possible merger as one aspect of the plan which sees the "Ruhr group" *balancing a "Rhine group" consisting* of Thyssen and Krupp.

At the beginning of the month Klöckner-Werke, whose main operation is in Bremen but has works scattered over West Germany, announced that it had asked for immediate official aid of up to DM 350m ($145.4m). The concern said that after talks with its banks there was "confidence" that Klöckner could take part in co-operation talks.

Although Klöckner is not a member of the producers' club – the Iron and Steel Federation in Düsseldorf – other producers believe that Klöckner has been hardest hit by the crisis.

The concern is certainly not losing less than DM 100 per tonne of rolled steel, in line with the club producers, whose losses have been DM 150m since the start of October, but it also faces a heavy interest bill on its new steel operation in Bremen, *which is working at miserably* low capacity.

Hoesch and Salzgitter, who have misgivings about the geographical disadvantages of the far-flung Ruhr group against its concentrated rival on the Rhine, are showing no enthusiasm for merging with Klöckner in its present state.

So far the Bonn Government has promised up to half of the DM 2bn to DM 3bn proposed by the experts as immediate offical aid to get their restructuring plan off the ground.

Bonn says the other half must be provided by the regional governments, but the four regions in which Klöckner has operations have rejected the idea. Count Otto Lambsdorff, the Bonn economics Minister, yesterday held talks with the four regional economics ministers concerned.

The Bonn Government yesterday insisted that the companies first agree before money could be discussed. *However, it is felt in the* Ruhr that the DM 2bn to DM 3bn figure is ludicrously low

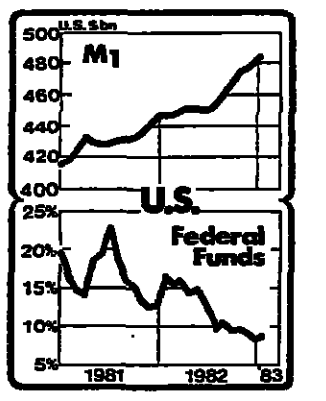
Volcker stresses inflation curbs

Continued from Page 1

In both his prepared testimony and in his responses to Senators' questions, Mr Volcker appeared, however, to put less stress on the observance of these money and credit targets than on the Fed's ultimate aim. This, he said, was to ensure that the present "incipient' recovery" develops into a prolonged period of non-inflationary growth.

Even without further declines in *interest rates, Mr Volcker predicted* that he was reasonably confident that a significant recovery would get underway. The last cut in the Fed's discount rate – which was widely interpreted as an attempt by the Fed to lead interest rates downwards – *had proved counter*-productive. The best hope for lower interest rates lay in the markets' gradual recognition that inflation will remain under control.

He said the Fed's forecast of inflation in 1983, as measured by the GNP deflator, was 4 to 5 per cent, somewhat lower than the 5.6 per cent prediction published this month by the Reagan Administration.



He stressed that the Fed took great encouragement from the decline in wage settlements and the increases in productivity which were evident in the labour market. He predicted that these would continue and would overwhelm the inflationary effects of rising commodity prices and of the dollar exchange rate, which he said could not continue to appreciate in the way it did last year.

When markets came to recognise these improvements in inflationary prospects, he predicted that interest rates would decline naturally, unless inflationary expectations were aggravated by failure in Congress to reduce future budget deficits.

Mr Volcker's comments were broadly welcomed on Wall Street, where bond prices jumped while short-term interest rates and the dollar fell.

In the credit markets trading was *busy in the wake of the Fed chairman's remarks*

Mr Volcker's carefully-balanced message on inflation, interest rates and monetary policy was mostly described as "constructive" and "positive." There was particular relief that the new money supply targets gave no indication of an impending tightening in Fed credit policy

Paris to reorganise banking system

Continued from Page 1

nationalised banking groups from an unwieldy 39 to a more manageable 20 or so.

Most of the banks being absorbed into larger groups have balance sheets of around FFr 1bn ($147m) or less.

The main regroupings are:

● Banque de l'Union Europeenne, formerly owned by the Empain-Scheider group, is to be absorbed by the CIC group;

● Banque Worms, the fourth largest French investment bank, which has reported a sharp fall in profits for last year, is to enter into some form of grouping with two other smaller institutions, Banque Vernes and Banque Parisienne de Credit. M Delors would like the grouping to evolve into a bank specially constructed to aid small and medium-sized industries;

● The former Rothschild bank, now called Europeenne de Banque, is to be absorbed into another, so far undefined, larger group. A first step has already been taken with the buying of the former Rothschild industrial participations by the Compagnie Financiere de Suez holding group, which is also in future to take over full responsibility for its Banque Indosuez banking arm;

● Among other smaller banks, Banque Tarneaud is to be absorbed by Credit du Nord;

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	8	46	Dubrovnik	F	8	46	Malaga	S	14	57	Salzburg	S	-3	27
Akrotiri	S	11	52	Faro	S	11	52	Malta	S	16	61	Seoul	C	3	37
Algiers	C	9	48	Florence	S	4	39	Manila	S	33	91	Singapore	C	33	91
Amsterdam	S	-1	30	Frankfurt	S	-3	27	Miami	C	21	70	Stockholm	S	1	34
Athens	F	14	57	Funchal	S	15	59	Milan	F	1	34	Strasbourg	S	-2	28
Bahrain	C	21	70	Geneva	C	-2	28	Moscow	Sn	-6	21	Sydney	S	29	84
Bangkok	S	34	93	Gibraltar	S	13	55	Munich	Sn	-7	19	Taipei	R	17	63
Barcelona	S	8	46	Guernsey	S	4	39	Nairobi	-	—	—	Tangier	S	14	57
Beirut	F	19	61	Helsinki	S	-2	28	Naples	C	7	45	Tehran	-	—	—
Belgrade	C	-4	25	H. Kong	C	16	61	New Delhi	S	24	75	Tel Aviv	S	17	63
Berlin	C	-3	27	Innsbruck	S	-3	27	New York	S	8	46	Tenerife	R	17	63
Biarritz	C	7	45	Inverness	C	2	36	Nice	S	11	52	Tokyo	S	12	54
Blackpool	R	4	39	Istanbul	F	8	46	Oporto	S	8	46	Toronto	C	6	43
Bordeaux	S	4	39	Jersey	S	4	39	Oslo	S	1	34	Tunis	C	14	57
Brussels	S	0	32	Jo'burg	S	24	75	Paris	S	0	32	Valencia	S	10	50
Budapest	S	-2	28	Las Palmas	C	20	68	Prague	S	-6	21	Venice	S	2	36
B. Aires	C	23	73	Lima	S	30	86	Reykjavik	C	6	43	Vienna	S	-7	19
Cairo	S	26	79	Lisbon	C	5	41	Rio de J'o	S	38	100	Warsaw	C	-4	25
Cape Town	-	—	—	Locarno	Sn	1	34	Rome	F	7	45	Zurich	S	-2	28
Caracas	S	29	84	London	F	2	36								
Casablanca	C	15	59	Los Angeles	S	20	68								
Copenhagen	S	3	37	Luxembourg	S	-3	27								
Corfu	R	12	54	Madrid	S	4	39								
Dublin	C	3	37	Majorca	S	12	54								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Hyster production cuts

Continued from Page 1

mised adaptations. At Craigavon in Northern Ireland, Hyster's most modern plant, the 240 workers will produce high volume smaller lift trucks – the kind the company fears will be under attack from the Japanese.

The company's European marketing operation will continue to be run from its headquarters at Basingstoke in southern England.

The £40m investment programme in Scotland, apart from bringing in production from the Netherlands, will increase efficiency through the introduction of automated production systems.

The programme, which has government backing worth an estimated £12m to keep open the plant, which is in an area of high unemployment, is designed to create 1,000 extra jobs by 1987.

Hyster justifies the increased employment figure by its estimate of the company's increased share of the market and the eventual bottoming out of the recession. It estimates 4.5 to 5 per cent growth in the forklift truck market over the next decade.

The company had a worldwide turnover of $538m in 1981 and a $35m profit after tax. It forecasts marginal profitability this year.

Harvester operating loss $165m

By Richard Lambert in New York

INTERNATIONAL Harvester, the struggling U.S. farm equipment and truck *manufacturer, reported first*-quarter operating losses of $165.5m, broadly in line with recent indications. The group still expected that 1983 would be a flat period for agricultural equipment sales, and that there would be no significant improvement in truck sales until later in the year.

Mr Donald Lennox, Harvester's president and chief executive, said the group believed that with its present cash position its requirements for the balance of 1983 could be met from continuing operations and other pending actions for the sale of non-core assets.

The net loss in the latest three months was reduced to $111.3m by an extraordinary gain of $54.1m following the acceptance of an exchange offer by certain debenture holders. A year earlier, Harvester's continuing operations lost $275.8m in the quarter. Losses of $11.8m on discontinued operations took the net loss up to $287.6m.

Eaton plunges to deficit of $189m

By Paul Betts in New York

EATON Corporation, the U.S. maker of Yale lift trucks and other components and capital goods, yesterday reported a net loss of $189.6m for 1982 compared with a profit of $82.4m the year before.

In the final quarter of last year Eaton, which recently announced a major reorganisation including plant closures, had a net loss of $227.4m compared with a net profit of $20.3m in the final period of 1981.

Eaton's loss from continuing operations in the final quarter of last year was $127.1m compared with net earnings of $27.8m from continuing operations in the final period of 1981. In the final 1982 quarter, Eaton had a loss of $100.4m from discontinued operations while the loss it reported from continuing operations included a $181.4m provision for plant closures before taxes.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday February 17 1983

Warner's earnings dip 56% in fourth quarter

BY PAUL BETTS IN NEW YORK

WARNER Communications, the leading U.S. entertainment conglomerate, yesterday reported a steep 56.5 per cent decline in fourth-quarter earnings. Its chairman, Mr Steven Ross, warned shareholders that earnings this year would be lower than the $257.8m the company made in 1982.

Since Warner announced that sales from its Atari video game subsidiary were not living up to expectations last December, its stock, for long a darling of Wall Street, has come under heavy pressure.

In the final quarter of last year the operating income from Warner's Consumer Electronics Division collapsed to $1.2m compared with $136.5m in the final quarter of 1981.

Mr Ross, in a letter to shareholders, said yesterday this decline was due to substantially lower profits from video game cartridges, losses in Atari's coin operated game division and pre-tax losses of $35m from the disposition of the operations of the Knickerbocker toy company.

In the fourth quarter Warner earned $33m on revenues of $1.12bn compared with earnings of $75.8m on revenues of $1.09bn in the corresponding period in 1981. Earnings for 1982 rose 14 per cent to $257.8m on revenues of $4bn from net income of $226.5m on revenues of $3.2bn in 1981.

Mr Ross told shareholders that the dynamics of the home video game cartridge market had changed substantially during 1982 because of what he called "an intensity of competition never before encountered in this field."

Mr Ross claimed Atari remained the industry leader by a substantial margin. But he said "the effects of the sharply increased competition in the fourth quarter were exacerbated by the fact that, in a business where hits have become very important, Atari's new cartridge releases were disappointing relative to expectations."

Mr Ross said because of the short-term problems of the video game market place, Warner's earnings in the first half of this year would fall "far short" of the results of the first six months of last year. "The first quarter should be the weakest of 1983, well below the fourth quarter of 1982."

But Mr Ross said he expected sufficient improvement in the second half of this year to enable second-half profits to be higher than those for the second half of 1982. But he warned shareholders earnings next year would probably be lower than those for 1982.

While Warner's film business did well last year and the company has a strong schedule of new releases this year, Warner's cable television operations continued to lose money. These operations are part of Warner Amex, the joint venture between Warner and American Express.

The company said the substantial cost associated with the development of new cable systems and the making of new cable programming services caused a loss in 1982. The cable subsidiary is now being managed by Mr Drew Lewis, who became chairman this year after resigning as U.S. Transport Secretary.

Imetal in red after Le Nickel losses

By David Marsh in Paris

IMETAL, the French metals group, yesterday announced a large consolidated loss of more than FFr 650m ($94.8m) for 1982, principally caused by losses of more than FFr 850m at Societe le Nickel, the ailing New Caledonian nickel mine.

The news came amid rumours on the Paris bourse that a Government-sponsored financial rescue package for the Le Nickel group will soon be completed. Imetal's loss for 1982 comes after profits of FFr 115m in 1981 and FFr 248m in 1980.

Quotation of Imetal shares was suspended on the bourse yesterday after a sharp rise to FFr 58.90 in recent days from about FFr 51. Dealing in the mining company Penarroya, part of the Imetal group, were also suspended. Quotations will be resumed today.

ERAP, the state-owned holding group which has a major shareholding in the Elf Aquitaine oil and chemicals company, is expected to become the dominant shareholder in Le Nickel under a wide-ranging capital restructuring programme.

This could provide the company with more than FFr 1bn in new funds

Elf Aquitaine and Imetal, which at present each half-own Le Nickel, will see their stakes reduced sharply

Le Nickel's main banks, led by the Suez banking group, are also expected to decide a debt rescheduling package to convert short-term loans into long-term.

Thomson aims at place in French fibre optics

BY OUR PARIS CORRESPONDENT

THOMSON-CSF, the French state-controlled electronics and communications company, yesterday said it would be the prime industrial beneficiary of the Government's plan to equip the country with an optical fibre network for cable television.

Mr Jacques Darmon, Thomson's communications division director, told a press conference that the company expected a 30 to 50 per cent share of the FFr 4bn ($586bn) a year market in TV cables that would develop in the mid-1980s.

LTT, Thomson's specialist video-communications subsidary, intends to "mobilise all its forces" to face up to the challenge of redressing France's international lag in TV cabling. The company, which turns over FFr 1bn a year and received nearly half its orders from abroad last year, also hopes to sign co-operation agreements with foreign companies in order to penetrate international markets, Mr Darmon said.

Thomson in 1981 set up Societe Fibres Optiques Industries (FOT) in partnership with the also nationalised Saint Gobain group and Corning Glass of the U.S., to manufacture optical fibre cables in two French factories.

France's other main optical fibre manufacturer is the Compagnie Generale d'Electricite group.

The Government announced in November a plan to provide cable connections to 1.4m French households by 1985, with the technology centred around high-capacity fibre optics.

Mr Jacques Imbert, the chairman of both LTT and FOI, said the programme covered only orders for connections until 1985. The actual wiring of households – 100,000 in the first year, 300,000 in the second and 1m in the third – would not reach the target figure of 1.4m installations until two years later, in 1987.

He said the range of services offered by the new networks would be extended progressively as new technologies and facilities came on stream. TV programmes, both from satellites and traditional networks, would be supplemented later on by films, pre-recorded programmes and home surveillance systems.

The "much more elaborate" second stage – in about 15 or 20 years – would enable subscribers to order products and services, play video games and communicate using so-called viseo-phones.

Thomson-CSF is already involved in two French pilot cable TV schemes, using optical fibres.

Advance for HP in first quarter

By Louise Kehoe in San Francisco

HEWLETT-PACKARD, the U.S. electronics and computer manufacturer, has reported earnings of $85m compared with $73m for the first quarter to December 31. Sales were up from $936m to $1,055m.

Incoming orders for this quarter were $1.13bn, up 7 per cent on orders for the first quarter of fiscal 1982.

Mr John Young, Hewlett-Packard president, said that he sees no significant improvement in the business climate in the U.S. and in other countries where Hewlett-Packard does business. The company will continue cost and hiring control, he said.

More than half Hewlett-Packard sales are in computer products and this business saw a modest 5 per cent order increase in the first quarter over the previous year. This reflects a strong first quarter in 1982, the company said. HP expects an improvement in computer sales when its new products, including the HP 9000, get into full-scale production.

Opel earns DM 90m in year

BY STEWART FLEMING IN FRANKFURT

OPEL, the West German subsidiary of General Motors of the U.S. is to declare a net profit of DM 90m ($37.4m) for 1982. But the bulk of the recovery in profit from the loss the company reported in 1981 of almost DM 600m can be traced back to the sale and leaseback of a paint shop in its factory near Frankfurt.

In disclosing preliminary figures yesterday, the company made no official reference to the sale and leaseback agreement with its U.S. parent company, even though the paint shop cost more than DM 500m to build. Precisely how the sale and leaseback transaction will be accounted for is not expected to be disclosed until the company's full report and accounts are released later in the year, but it is understood that a substantial sum will be reported as extraordinary earnings stemming from the sale and leaseback agreement.

Leaving aside extraordinary profits, Opel appears to have made significant progress on reducing its losses. Sales revenues rose from DM 10bn to DM 12.6bn as the company increased production by 17.7 per cent to 961,094 units. In West Germany, Opel increased its market share from 16.2 per cent to 18.2 per cent despite the depressed market, and export sales rose by 24.5 per cent to 549,944 units.

The introduction of a succession of new models will have been one factor behind the improved sales performance but this also helped to damp down the earnings recovery because of the associated promotional costs.

Lafarge Coppee looks to gain activity in North America

BY DAVID HOUSEGO IN PARIS

LAFARGE Coppee, the French cement group, expects to return to more normal rates of profit this year after a downturn in earnings in 1982.

In a letter to shareholders, M Jean Bailly, who has taken over temporarily as chairman, says the group is looking to pick up in North America, which last year accounted for 38 per cent of group sales because of the fall in interest rates. This is expected to have a doubly beneficial effect in encouraging new construction and reducing financial charges.

M Bailly also said that Lafarge would begin to benefit this year from the restructuring of the refractory products division which last year made losses of nearly FFr 150m ($22.1m). Most of the 700 redundancies involved in the restructuring have already taken place.

M Bailly has taken over as chairman for a year while M Olivier Lecerf, who has temporarily stepped down, carries out an investigation into the long-term horizons

Net consolidated profits last year fell back to FFr 75m from FFr 365m in 1981. Turnover rose from FFr 14bn to FFr 16bn in 1982, though the takeover of General Portland of the U.S. in 1982 distorts any true comparison between the two years.

M Bailly said that the group's North American interests, which include both General Portland and Ciments Canada Lafarge, made no contribution to net earnings last year. Cement deliveries by General Portland were down 6 per cent as a result of the recession and 26 per cent for Ciments Canada Lafarge. Other factors contributing to the loss were foreign exchange losses of FFr 40m and an increase in financial charges.

To give it greater access to the American financial markets, Lafarge is establishing a new North American holding company Lafarge Corporation. Minority shareholders in Ciments Canada Lafarge will benefit from slightly more favourable parity, than the French parent company in an exchange of shares that will result in Lafarge Coppee's 57 per cent stake in Ciments Canada Lafarge falling to 54.2 per cent in Lafarge Corporation.

Hertie nearly halves deficit

By John Davies in Frankfurt

HERTIE, West Germany's third largest retail stores group, last year almost halved its operating losses despite a drop in sales.

Herr Bruno Lippmann, chairman of the managing board, said yesterday that, if exceptional items were included, group results would show a profit, but he gave no details.

Although this year would again be difficult for the German retail trade, Hertie expected at least to break even as a result of cost savings measures and end a six-year period of losses.

Recession hits performance of IBH Holding

By Our Frankfurt Correspondent

IBH HOLDING, the West German construction equipment group, will declare a loss for its 1982 financial year reflecting the impact of recession, particularly on its U.S. operations, and heavy rationalisation costs.

But Herr Horst Dieter Esch, the company's chief executive, said yesterday the company expected to return to profitability in 1983 and that he already saw signs of an upturn in demand for the company's products in major markets such as West Germany, the UK and the U.S.

In its 1982 financial year, the company's sales rose 4.6 per cent to DM 3.5bn ($1.05bn) despite a 27.9 per cent fall in sales in North and South America to DM 550.3m.

The company undertook major re-organisation efforts

Copenhagen bank increases net earnings

BY HILARY BARNES IN COPENHAGEN

COPENHAGEN HANDELSBANK, increased net profits from DKr 372m ($43.7m) to DKr 477m in 1982. The bank will pay an unchanged 15 per cent dividend, while the board plans to make a DKr 105m share issue, priced at 103 per cent, later this year, the bank announced yesterday.

The improvement in the bank's result included a DKr 503m increase in the value of the bank's security portfolio between year-end 1981 and 1982, a figure which is included in the profit and loss account.

Earnings before the portfolio adustment increased from DKr 150m to DKr 160m in spite of an increase in depreciation and bad debt provisions from DKr 471m to DKr 525m. Operating profit before depreciation and provisions increased from DKr 610m to DKr 672m.

The bank's advances increased by 7.4 per cent to DKr 19.2bn and deposits by 11.4 per cent to DKr 27.4bn, with the balance sheet total increasing from DKr 50.9bn to DKr 54.8bn. Equity capital at the end of the year was DKr 3.35bn and net profits as a return on average equity capital through the year was 15.1 per cent.

Jyske Bank, the Jutland bank which ranks sixth by size among the Danish commercial banks, reported an increase in net earnings from DKr 50m to DKr 184m (the 1981 figure was affected by a minus figure of DKr 114m covering costs associated with the acquisition of the former Finansbanken). An unchanged 18 per cent dividend will be paid.

The adustment of portfolio values added DKr 314m to bank profits.

Beatrice Foods restructuring leaves deficit

By Richard Lambert in New York

BEATRICE FOODS, the U.S. food manufacturer, yesterday announced a major shift in strategy to place an increased emphasis on marketing and internal growth, and less on acquisitions. The moves include a realignment along marketing lines of Beatrice's domestic profit centres, and special after-tax charges totalling nearly $280m in the fourth quarter of the financial year ending this month.

As a result, the group expects to report a loss for the quarter. Overall earnings for the year, before these special charges, would be "reasonably close" to last year's, Beatrice added. Net income before special items in 1981-82 came to $313.2m.

The group plans to move out of cyclical, capital intensive industrial operations and dispose of about 50 domestic and international companies, with sales of about $900m and operating earnings of about $35m in fiscal 1983.

KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, ON THE ROLE OF THE RII

Renault drives towards profit

M PIERRE Tiberghien, who recently took over as head of Renault's automobile division, predicts the French group's car business will profitable in 1983 after two loss-making years.

He was speaking as Renault took the wraps off the R11, a hatchback closely related to the R9, and which will compete in Europe with cars such as the Volkswagen Golf, Ford Escort, Opel Kadett/Vauxhall Astra Talbot Horizon and BL's forthcoming Maestro.

Renault spent about FFr 1bn ($147m) on the R11 on top of the FFr 4bn for the R9 which was launched a year ago.

M Tiberghien says the R9 is being produced at the rate of 2,800 a day and therefore is fully living up to the group's expectations, particularly in the U.S. where a version called the Alliance is produced by Renault's 46.6 per cent-owned associate American Motors.

However, 1982 was a difficult year for Renault in France where it not only suffered from industrial disputes but was also for some time prevented by the Government's price freeze from putting up prices to meet extra costs. As a result, the company would remain in the red in 1982. The net loss in 1981 was FFr 675m.

But 1982 showed we could face difficulties on the production front and yet still stand up to the foreign competition in France," he added, referring to the fact that Renault's home market share in 1982 improved slightly to 39 per cent while the Peugeot-Citroën-Talbot group lost ground to importers.

Renault's 11TSE, a new contender in the lower-middle market

Renault earlier this month pumped another $50m into American Motors (AMC) by way of subordinated debentures issued by the group's Swiss holding company.

M Tiberghien made clear that this method of financing was chosen so as to keep Renault's shareholding below 50 per cent. "We want AMC to remain a U.S. company."

The additional $50m takes to $400m the cash injected by Renault into AMC in the past three years – "much less than Volkswagen's investment in the U.S."

The new money will go towards the introduction of the new R11 to the U.S. market. Production will begin at Kenosha, Wisconsin, this summer alongside the Alliance.

M Tiberghien said that AMC's U.S.-designed passenger cars would steadily be replaced by those from Renault but adapted for the American market by AMC engineers. AMC would concentrate its rescurces mainly on developing its four-wheel-drive vehicles, including the Jeeps.

Sales of the R9-Alliance in the U.S. had been better than expected so far. Some 9,000 were registered in January and output in the U.S. was running at the rate of 100,000 a year.

Renault recently introduced in Europe some Jeeps fitted with Renault engines, but M Tiberghien suggested that, not only was demand in Europe for four-wheel-drive vehicles very limited, while the dollar remained strong "it is a problem."

Apart from launching one important new car model each year, Renault also intends to open up a new market annually. M Tiberghien revealed that in 1983 Renault would concentrate on doing better in Mexico as well as consolidating its position in Portugal where the group already has a 30 per cent car market share.

The new R11 is a contender with the R9 in the lower-middle car market sector which has grown from 25 to over 30 per cent of total West European sales since 1978 and now accounts for about 3m cars a year.

Renault believes the R9 and R11 between then can capture 15 per cent of the segment shared almost equally. So far the R9 has achieved 9 per cent of the segment. The target would involve production of 450,000 R9s and R11s a year.

The R11 shares engines, gearboxes, floorpan, doors, bonnet, and wing pannels with the R9 and will be made alongside the R9 at the heavily-automated Douai plant in northern France. Some R9 production will be moved to Maubeuge, also in northern France, to make way for the hatchback.

In the longer term, both the R9 and R11 will be made in Spain as well as France and the U.S.

Renault's other car in the lower-middle sector, the R14 has faded recently. Output was down from 202,000 in 1980 to only 69,000 last year, and will go out of production next month. The R14 is currently made only in Belgium and Spain.

According to the preliminary information issued by Renault, the R11 will be launched in France in April with prices roughly in line with those for the R9 but a little more at the top end of the range where the R11 models will feature advanced electronics, including a speech synthesiser to give warnings and information to the driver.

INTL. COMPANIES & FINANCE

HK depositors warned on DTCs

BY ROBERT COTTRELL IN HONG KONG

MR COLIN MARTIN, Hong Kong's Commissioner of Banking and Deposit-Taking Companies (DTCs), yesterday warned members of the public depositing funds with registered DTCs to look carefully at the standing of the institution with which they place their money.

The commissioner also warned DTCs to arrange stand-by credit lines from banks if they feared that a further run-down in public deposits might lead to liquidity problems.

Mr Martin's warning came as he announced the revocation of a seventh DTC registration, that of Current Finance, part of the finance group CBG which is now being investigated by the police. He also announced the lifting of the suspension which had been imposed earlier this month on another registered DTC, First Hongkong Credit (FHC), which, he said, had succeeded in boosting liquidity back to the level demanded by law.

Hong Kong's credit institutions are currently undergoing a two-year government-ordered restructuring process due to be completed in July this year. The effect of the restructuring is gradually to push short-term public deposits out of reach of registered DTCs and into the exclusive domain of banks. A new intermediate category, licensed DTCs, has been created, the two dozen constituents of which can take deposits of any maturity, but only in excess of HK$500,000 (US$75,000). As of July, registered DTCs will only be able to accept public deposits of more than HK$50,000, carrying maturities of longer than three months.

The restructuring is squeezing those registered DTCs which are not subsidiaries of banks. As their short-term public deposits diminish, the independent DTCs must seek increasingly to fund their loan portfolios from the interbank money markets.

Mr Martin said that of the seven registrations so far revoked, four, Whitehall Finance, Tetra Finance, Axona International Credit and Commerce and Hongkong Deposit and Guaranty, were victims of liquidity problems as banks became unwilling to supply funding. The remaining three, Dollar Credit, America and Panama Finance, and Current Finance, fell into a different category.

Investigations were now proceeding into these three DTCs and the results would be referred to the Colony's Attorney-General. It would be up to him to decide whether there were grounds for any prosecution.

Mr Martin said that, based on monthly liquidity returns supplied by DTCs, he hoped that the coming months would not see further failures but this could not be guaranteed. Some DTCs, he noted, would have to provide against loans to now-failed DTC's which had previously been counted as liquid assets. He also noted that 53 independent DTCs had yet to comply with a government requirement to raise their paid-up capital from a minimum of HK$5m to HK$10m by the end of June.

He said his warning to public depositors should not be construed as a suggestion that money should be moved out of particular DTCs en masse. Nonetheless, his words may cause some concern to those independent DTCs most exposed to any further erosion of public confidence.

The troubles of the DTC sector over the past four months may lead, said Mr Martin, to some amendments to Hong Kong's deposit-taking ordinance. Two areas are now under review. The first covers restrictions preventing a DTC from lending more than 25 per cent of its paid-up capital and reserves to a single borrower or group of borrowers. The government is likely to tighten the present definition of a "group" of borrowers, which at present does not include, in the case of guaranteed loans, separate borrowers with a common guarantor. Mr Martin is also reviewing the appropriateness of suspension, used as an interim measure, and the revocation of registrations as sanctions against delinquent DTCs.

Sharp fall in first half at Sentrachem

By Our Johannesburg Correspondent

SOUTH AFRICA'S second largest chemicals group, Sentrachem, suffered badly in the six months ended December 1982. First half profits before tax were R17.4m ($15.4m) compared with R66.5m in the corresponding period of 1981 and R99.2m in the full year to June 1982.

First half turnover was R382m, 5.7 per cent less than in the previous first half. For all 1981-82 turnover was R769m.

Management places most of the blame for the sharp fall in profits on conditions in the agricultural markets. Export markets for phosphoric acid remain extremely depressed and drought in South Africa has led farmers greatly to reduce their purchases of fertilisers and agricultural chemicals.

Profits of the synthetic rubber manufacturing operations were affected on two fronts. Demand by the makers of tyres and industrial rubber products was reduced and losses were incurred in the commissioning of the new Afprene rubber plant. Butadiene products have been well accepted but there is strong competition from cheap imported natural rubber.

The directors say trading conditions are likely to deteriorate further and prospects for sales to the agricultural sector are causing great concern.

The interim dividend has been cut to 8 cents from 19 cents while first half earnings have tumbled to 16.4 cents a share from 46.2 cents a share. For all 1981-82 earnings were 69.8 cents a share and the dividend total was 40 cents.

Rennies lifts profits and dividend

By Our Johannesburg Correspondent

RENNIES, THE South African shipping, hotels, tourism, manufacturing and wholesaling group has managed to post a 14.4 per cent increase in operating profits in 1982 despite difficult trading conditions.

The company, which is 51.4 per cent owned by the Hong Kong concern Jardine Matheson, reports profits of R54.5m ($48m) and turnover of R42m, up from R353m

Mr Charles Fiddian-Green, Rennies' chairman, says satisfactory increases in operating profits were recorded by the hotel and shipping divisions. The profit advance of the former was largely due to a full year's contribution from the Holiday Inn casino and hotel in the Transkei. Trading operations were severely affected by the economic downturn and achieved profits slightly lower than in 1981.

The dividend has been increased to 58 cents from 51 cents from earnings up to 117.2 cents a share from 105.7 cents. The directors are confident that this year's profits will not be less than that of 1982.

Downturn at Haggie

By Our Johannesburg Correspondent

HAGGIE, the South African engineering and non-ferrous metals products group which is one of the world's largest manufacturers of steel and wire ropes, suffered from the deterioration of the country's economy in 1982.

Export trading was made more difficult by the application of countervailing tariffs on some of the company's products by the U.S. Turnover rose by 8.1 per cent to R361m ($335m) from R334m but pre-tax profits dropped by 6.1 per cent to R55.5m.

The dividend total has been maintained at 70 cents though earnings per share dropped to 163.7 cents from 186.6 cents.

Advance in earnings and sales at Fuji Photo Film

BY YOKO SHIBATA IN TOKYO

FUJI PHOTO FILM, Japan's largest photographic film manufacturer, with a 70 per cent share of the domestic market lifted consolidated net profits by 16 per cent to Y57bn ($244m) in the year to October 1982. Profits per share were Y156.05 compared with Y144.49. Pre-tax profits were 15.5 per cent higher, at Y114bn, on full year sales of Y587bn, up by 13 per cent.

Domestic sales increased by 10.7 per cent to account for 66.3 per cent of the total, while overseas sales grew by 17.5 per cent to account for 33.7 per cent.

Sales of consumer photographic products rose by 9.3 per cent to account for 49.5 per cent of the total. Magnetic products sales, including VTR tapes and floppy discs, jumped by 56 per cent to account for 11.9 per cent. Sales of commercial items such as X-ray and motion picture related products rose by 8.3 per cent to account for 38.6 per cent.

The company's equity in the earnings of its 121 subsidiaries and affiliates improved by only 1 per cent to Y6.7bn.

For the current year, the company forecasts full-year sales of Y660bn, up by 12 per cent, with better sales of VTR tapes and floppy discs. However, higher silver prices and the yen's higher value may keep consolidated earnings down to the level of 1981-82.

Second-half recovery for Union Carbide Australia

BY LACHLAN DRUMMOND IN SYDNEY

UNION CARBIDE AUSTRALIA and New Zealand ended 1982 with net profits down 24 per cent to A$5.5m (U.S.$5.3m) after a strong recovery in the second half.

Profits jumped 53 per cent from A$2.61m to A$3.98m in the half but failed to offset the first half's slump from A$4.61m to A$1.52m.

The company attributed its second half gains across most of its businesses, which span batteries, plastic resins and consumer-oriented plastic bags and film, to improved plant efficiencies, tight controls on costs and working capital requirements and higher prices for some consumer lines.

New products based on the recently introduced linear low-density polyethylene production helped in the second half as did increased demand for high-density polyethylene resins.

Sales by the 60 per cent U.S.-owned group were little changed for the year at A$224.7m. A final dividend of 8 cents a share leaves the total unchanged at 16 cents on profits per share of 22.4 cents against 29.2 cents.

Results from Liem-owned HK groups

By Our Hong Kong Correspondent

FIRST PACIFIC HOLDINGS and First Pacific Finance, the two quoted Hong Kong companies controlled by the Liem family of Indonesia, have announced full-year profits for 1982.

The figures are effectively maiden profits for First Pacific Holdings (FPH), a former "shell" company. FPH's principal subsidiary is the 72.6 per cent owned Deposit-Taking Company (DTC) First Pacific Finance (FPF).

First Pacific Finance announced net profits after tax but before extraordinary items of HK$13.9m (U.S.$2.1m), against HK$5.2m previously. Earnings per share rose from 12 cents to 17 cents. Profits were reduced by HK$318,850 in extraordinary charges representing the cost of rights and scrip issues.

A final dividend of five cents is proposed. An interim dividend of three cents was paid at mid-1982, after which the share capital was increased by a one-for-three scrip issue, and the issue of 4.3m deferred shares.

First Pacific Holdings, the parent of FPF, announced profits for 1982 after deducting tax and pre-acquisition profits of HK$9.4m plus an extraordinary gain of HK$4.16m on the disposal of investments. Earnings per share were 65 cents on a weighted average basis and a final dividend of 20 cents is proposed.

JOBS COLUMN

Old buildings • New ideas • Consultants etc

BY MICHAEL DIXON

"WHAT'S it to be then — an 'ed or a banimal?" Ted Roocroft used to ask optimistically as he doled out a new block of wood each Monday at the Regional College of Art, Manchester.

At the time, almost 30 years ago, the Jobs Column wanted to be a sculptor. And in the matter of slapping clay about, it wasn't all that bad. But somehow the chisels available in the wood-carvinb classes would sooner or later slip off on their own, like infant bulldozers.

So when I chose the head from Mr Roocroft's limited range of options on the Monday morning, what he got back on the Friday was a globular paper-weight. Animals, from dogs to elephants, all turned out to be essentially either snakes or *caterpillars*.

While I was sure the problem would vanish once my tutors let me progress from bits of wood to half-ton blocks of marble, they did not share my confidence. Bang went another career. But carving has never lost its fascination. Allowed to choose the last thing I shall see, I'd pick the doorway of the Chapter House of Southwell Minster near Nottingham.

Hence a certain wistfulness about a job being offered through Fred Grover of Executive Index with a company in a British contracting group. Since he may not name it he promises, as do all recruiters mentioned in this column who do not reveal their client, to honour any applicant's request not to be identified as yet to the employer.

The company, which wants a senior contracts manager, concentrates on restoring noble buildings which currently include three cathedrals. Unusually, I am told, it employs its own specialists in ancient crafts including wood- and stone-carving. "Mind you, they have got to be up to date with modern techniques too," Mr Grover says. "For example, there are glues these days that will usually do in place of dowel joints."

If not craftspeople themselves, candidates must be sensitively appreciative professionals allied to the construction industry such as surveyors or architects. But they also need demonstrable commercial acumen and experience in modern managerial methods.

"It's not a combination I'd expect to find in many people." the recruiter adds. But he thinks it is indispensable if the recruit is to strike the balance between excellence of craftswork and profitability of contract.

Knowledge of the relevant parts of the building market—banks as well as churches and ancient secular foundations are seen as potential customers—would be a help. And since London is the most likely growth market, the manager would need to live between there and Cambridge.

At £10,000 upwards, the starting salary strikes me as typifying the woeful underestimate which this society makes of the skills of efficiently and economically preserving the landmarks of its past. But the perks include a car.

Inquiries to Mr Grover at 11 Palmer Street, London SW1; telephone 01-222 1181, telex 8813112.

Ventures

NOW TO something more than hopes of the future in the shape of a couple of posts with a new joint-venture enterprise with around £4m to invest in promising innovations.

One of the jobs is for a venture manager who will evaluate proposals, work out and negotiate deals, and help to nurse the associated developments specifically in the field of microelectronics. The other recruit will do the same in all the other areas of possibility combined. Both jobs are being offered through Geoffrey King of Cambridge Recruitment Consultants.

"The microelectronics manager will obviously need to have worked in that industry, and the wider the experience the better," he says. "But since there are few people doing venture-capital work of the same kind, we're not expecting applicants to have track records in it.

"What we are looking for is people who have coped with ups and downs in business life and have come through wiser and no less determined. My client feels that the school of hard knocks turns out admirable products."

Both of the newcomers will be responsible to the chairman of the company, and will be front-runners for the managing directorship which should be on offer before very long if the business achieves its growth targets. Mr King is coy about the place of work. "Well north of Watford" is all he will say.

Salaries up to £25,000 with share in profits and car among other benefits.

Inquiries to 1a Rose Crescent, Cambridge CB2 3LL; tel. 0223 311316.

35-plus

GIVEN fitness and appropriate qualifications, anyone over 35 is welcome to apply to become either a management consultant specialising in marketing or financial strategy, or a recruiter with Wales International Management Centre.

The base of this private-enterprise consultancy is Cardiff, but its staff travel a lot. Wales or the West Country would be good locations for all recruits, so would the West Midlands for the management consultants, or the western Home Counties for the recruiter who will use mainly search methods.

Salaries £15,000-plus, bonus on results, car allowance.

Inquiries to Alan Rosser, 6-8 Albany Road, Cardiff CF2 3RP. Tel. 0222 485466.

Credit chief

A CREDIT specialist with knowledge of commodity markets as well as computer systems is sought by Martin Krajewski of Accountancy Resources to establish a complete credit-management operation in the London office of a U.S. commodity and securities broker. The appointment is seen as particularly important because of the firm's recent expansion into bullion and foreign exchange.

Salary £25,000-£30,000.

Inquiries to Mr Krajewski at 83 Victoria Street, London SW1H 0HW. Tel. 01-222 7231, telex 8956012.

Bankers

SENIOR BANKERS expert in capital market business are wanted by Dudley Edmunds of *Robert Half Personnel (UK)* for an unspecified number of associate directors' posts in London with an expanding international bank. Tasks will include marketing a wide range of financial services on worldwide scale.

Candidates should have at least five years experience in capital market financing with banks with high reputations in the field, preferably including U.S. institutions. A Master of Business Administration degree would be a help.

Salary indicator is £30,000. Perks of usual City munificence.

Inquiries to Mr Edmunds at Lee House, London Wall, London EC2Y 5AS; tel 01-606 6771.

City systems

JOHN BEDFORD of Computer Personnel is seeking a business development manager to market the services of the British arm of a U.S. data-processing systems consultancy to the whole gamut of financial organisations in the City of London. The subsidiary has grown rapidly to a turnover of more than £21m.

In addition to City contacts, applicants need familiarity with data-processing and experience of sales and marketing, preferably at senior level. An accountancy or other professional qualification would be an advantage. Age probably at least 35.

The salary indicator is £20,000 upwards, and the other benefits include a car.

Inquiries to Mr Bedford at 16 Bedford Row London WC1R 4EB; tel 01-242 9356, telex 24224-1163.

LEASING/PROJECT FINANCE NEGOTIATOR — **To £30,000 + benefits**

Our client specialises in the raising of finance for major capital assets (ships, aircraft etc.) and the management of companies leasing portfolios. A vacancy exists for a graduate aged 28-35 years with a second relevant degree or ACA with experience of negotiating complex leasing transactions involving pricing structuring tax implications documentation etc. Additional to technical skills, candidates must have a proven track record of marketing gained with a banks leasing division. Benefits include profit share, company car etc. Excellent future prospects are envisaged for the successful applicant.

AVP/MANAGER INTERNATIONAL LEASING DIVISION — ***Aged 28-35 years***

This excellent bank seek a first class graduate with at least three years big ticket leasing (£5m+) experience. This must include in-depth technical skills plus marketing globally, cross border leveraged leases. Salary negotiable aae *£20,000-£25,000 pa + benefits.*

MERCHANT BANKS LEASING DIVISION — **24-28 years**

We have three vacancies for the young graduate leasing executive with several years experience covering the technical aspects such as computerised lease evaluation, *risk assessment, documents, taxation etc. plus hopefully some* marketing negotiation experience. Salaries neg. £14-18,000 pa.

SALES AID/VENDOR PROGRAMMES MARKETING EXECUTIVES — **25-32 years**

We currently seek motivated sales executives currently working with multinational capital equipment manufacturers ie. computers photocopiers, or hi-tech companies etc. Applicants should have had a formal sales training background and be graduates, with a working knowledge of leasing. Salary potential to £30,000 pa + benefits.

Please contact: Brian Gooch

Jonathan Wren *BANK RECRUITMENT CONSULTANTS*
170 Bishopsgate · London EC2M 4LX · 01 623 1266

Funding Advice to the Public Sector

£ Negotiable

We wish to recruit an additional person to join the successful team which markets our funding services, notably to local authorities and to the wider public sector.

These services range from leasing to financial futures, and from overnight money to stock issues, and involve considerable contacts with banks, building societies and other financial institutions.

The ideal candidate would be highly numerate, a graduate or holding a professional qualification, probably in his/her mid-twenties, and with a legal or accounting background.

The prospects for career development and promotion will be excellent for the right person, and the salary package will be highly attractive.

For further information, please contact Peter Morley, IPFA, on 01-628 4444, or write to him with a current C.V. at Lee House, London Wall, London EC2Y 5AP.

Phillips & Drew

BANKING OPPORTUNITIES

BANKING OPPORTUNITIES

EUROBOND SALES — Age - 25/35 — Neg to £24,000
Prime name seeks highly professional salesperson, preferably with French and German, and a proven track record in the international capital market.

CHIEF DEALER — Age - 35/40 — from £20,000
Small, specialist bank seeks a mature dealer with 8/10 years' relevant experience to cover forex, deposits including euro deposits.

FORWARD FOREX TRADER — Age - late 20s — to £20,000
Established European bank seeks a DM trader in forwards with at least 3/4 years' experience in this currency.

MARKETING OFFICER — Age - 28/34 — c£18,000
Major international bank seeks an ambitious, extrovert marketing officer to handle blue chip business. Excellent career prospects.

EUROBOND TRADERS — 20s/30s — Variable salaries to £15,000 neg.
We are currently seeking eurobond traders for several banks, fully experienced in convertibles or samurais. Candidates must possess relevant background in an active environment.

EUROBOND SALES — Age - 20s/30s — c£15,000 neg
Prime market makers are seeking ambitious, self-motivated sales people with 1-3 years' relevant experience. Fluency in a European language an advantage.

ASSISTANT MANAGER - LOANS — c£15,000
Established European bank seeks an assistant manager with a loans administration/credit analysis/marketing background. Challenging position with potential.

CAREER OPPORTUNITY — Age - mid 20s — c£14,000
Large international bank wishes to recruit ambitious young bankers for middle management positions. Candidates should possess a degree in Economics and 5 years' banking experience.

LJC BANKING

170 Bishopsgate, London EC2M 4LX
01-283 9953

SUBS G

EUROBOND DEALER

Union Bank of Switzerland (Securities) Limited in London is seeking an experienced Eurobond Dealer to complement its existing team. Candidates are expected to have spent some years in the dealing room of an active market maker. A sound command of German and/or French would be an advantage; fluency in English is essential. The remuneration package will be commensurate with experience.

Full career and personal details should accompany a handwritten application and be addressed in confidence to The Personnel Officer, Union Bank of Switzerland (Securities) Limited, The Stock Exchange Building, London EC2N 1EY.

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

Cable Television

A very large UK based industrial and communication company needs help to investigate and develop an appropriate strategy in this rapidly changing and expanding field.

The brief will involve the continuous investigation of all relevant options, the assessment of specific short and long term business opportunities, and the recommendation of strategic courses open to the company.

The essential requirements are commercial acumen, analytical skill and enthusiasm; preferably with experience of the industry – although any commercial or industrial background is acceptable provided the essential criteria can be met – and of working in a large company. Age is unimportant.

Salary will be substantial. Location – London.

Please write with full personal and career details, indicating any companies to whom your application should not be forwarded, and quoting Ref. 840/FT, to:

Philip Smith
Manpower Consultants
85-87 Jermyn Street, London SW1Y 6JD

FUND MANAGER

We are the country's fourth largest Building Society with assets in excess of £4,400 millions, and seek to appoint a Fund Manager who will be based at the Society's Head Office in Leeds.

PRIME RESPONSIBILITY

will be for the management of the investments of the Staff Pension Scheme involving continuous monitoring of equity, gilt-edged and overseas markets, including detailed economic analysis. The successful applicant will also be part of a specialist team responsible for the management of the Society's liquid funds which now exceed £800 million.

Formal qualification, although desirable, is not essential but rather we seek someone with analytical training and a proven record in fund management who can make a positive contribution to investment policy.

THE APPOINTMENT

Is a senior one, for a female or a male, and we expect that the successful candidate will have had a minimum experience level of five years in a similar appointment with a stockbroker, banker or other investment organisation. Salary will be commensurate with experience and other benefits include free life assurance cover, a contributory pension scheme and concessionary mortgage facilities. Interested applicants should write briefly or telephone for an application form quoting ref. FT 17.2/83 to:

J. Clark MBIM Esq.
Personnel Manager,
Leeds Permanent Building Society,
Permanent House,
The Headrow,
Leeds LS1 1NS.
Tel: Leeds (0532) 438181, Ext. 448.

Enquiries will be treated in the strictest confidence. Envelopes should be marked "Staff-Confidential".

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If you are the type of individual we are looking for, you'll know that investment is central to the function of a life assurance organisation. You'll also know that the Investment Analyst is a key figure.

You are an honours graduate (not necessarily in economics or accountancy) with about three years exposure to industry or commerce. You are numerate with a definite and informed interest in finance and investment — though probably not involved directly in that field at the moment. You have a definite flair for absorbing and assessing information and forming clear judgements. The chance of getting into the investment field — under professional training — appeals to you enormously.

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Apply in writing to:
The Staff Manager,
The Scottish Provident Institution,
6 St. Andrew Square,
Edinburgh EH2 2YA.

SCOTTISH PROVIDENT

Lawyer

We have an opportunity for a Lawyer in the Group Secretary's/Legal Department at the Head Office of Grindlays Bank p.l.c. in London.

Grindlays is a major international bank with representation through branches, offices, subsidiaries and associate companies in forty countries throughout the world. The incumbent will be concerned with the provision of corporate and legal services at all levels within the Group, including advice on developments in the law affecting the Group in the conduct of its business world wide.

The position calls for a solicitor or barrister with at least three years post-qualification experience, either in private practice or in the legal department of a large international company with a good grasp of company and commercial law and practice. The person appointed will act as assistant secretary to Grindlays Bank and as secretary to a number of subsidiary companies within the Group. They will also have responsibility for the control and administration of the Group's internal insurance requirements.

An attractive salary is offered and benefits include a subsidised mortgage scheme, *membership of BUPA and a non-contributory pension scheme.*

Please send full career details to:

R.J.E. Barker, Group Appointments Manager,

Grindlays Bank plc.
36 Fenchurch Street, London EC3P 3AS.

International Executive

Our client, The International Futures Exchange (Bermuda) Limited, is a unique trading vehicle for financial futures markets worldwide. The company is expanding its activity and has opened an office in London.

You will be responsible for representing the Exchange in the London and European financial communities and for establishing sound relationships with members of the Clearing House.

You will have a City background, preferably in banking, with experience in international financial markets. Ideally in your 30's, you should be responsive to new ideas and be able to cope with a busy environment. An excellent salary and other benefits are offered commensurate with this position. Location, City of London.

Please write in strict confidence, quoting reference 217, to D.B. Atkins as adviser to the company.

AMC Selection
Recruitment Consultants
15 Borough High Street
London SE1 9SH
Tel: 01-403 0924

Senior Eurobond Dealer

is required by a major European bank for its London-based Eurobond market operations. A sound education and fluency in English is essential; German and French would be an advantage. The salary and benefits package will be according to experience.

A handwritten application, which will be treated in the strictest confidence, should be sent, together with a detailed curriculum vitae, to:

Box A.8081, Financial Times,
10 Cannon Street, London EC4P 4BY

ChemicalBank International Limited

Chemical Bank International Limited is the London based merchant banking subsidiary of Chemical Bank, New York.

We are embarking upon a major worldwide expansion of our international capital market activities and require exceptional young graduate bankers to join a growing team of corporate finance specialists. We are looking for ambitious and creative individuals able to make a significant contribution to the innovation, development and marketing of capital *market and international financing techniques.*

The successful applicant (age 23-28) will possess an excellent academic track record and have the qualities of leadership required to ensure early progression to executive level. Accountancy or business school qualifications *and foreign language capabilities will be an advantage.*

This is an excellent opportunity to join a forward looking organisation which is extending its range of services and penetration of new markets through the development of new techniques and products. The salary we expect to pay will reflect the importance of the appointment and will include all the usual benefits associated with leading financial institutions.

Applicants should forward a full c.v. to Martha Graham, Chemical Bank House, 180 Strand, London WC2R 1ET. Telephone 01-380 5443.

David Grove Associates
Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

LENDING OFFICER — **circa. £20,000**

A long established authorised bank wishes to strengthen its domestic lending team with the appointment of an experienced lending officer. Candidates will have considerable calling experience and have successfully established new relationships and serviced existing borrowing clients.

LENDING OFFICER — **circa. £17,000**

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Salary and benefits negotiable. Anyone earning less than £20,000 p.a. is unlikely to be considered.

Please write to R.N. Hurst, Managing Director, Thomson's Overseas Limited, 1 Wilton Road, London SW1 with a copy of your curriculum vitae. All applications will be kept in the strictest confidence.

Thomson's Overseas
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£20,000

The Chase Manhattan Bank N.A. is one of the world's leading American banks with an enviable international network.

We are currently seeking a man or woman to join a specialist team at Vice President level and promote our export finance services both to existing corporate clients and new contacts amongst UK exporters of capital goods.

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Preferably in your mid 30's, you must have a number of years' proven negotiating/marketing experience in UK export finance and international trade within a banking environment. This should encompass an in depth knowledge of ECGD and other related government departments and export credit agencies.

Career development potential is considerable and could well lead to an overseas appointment.

The salary, fully commensurate with your experience, will be supported by a benefits package including a bank car, preferential mortgage, personal loan scheme and non-contributory medical, pension and life assurance.

Please write with full details of your career to date to Peter Keeble, The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD.

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Our clients have a young professional management team who are committed to exploiting their current strengths with particular emphasis on the development of new products and markets. This new appointment has been created to provide financial support to this programme of expansion. The Financial Analyst will report to the Controller but will also have direct contact with the senior management of other functions, developing formal planning procedures, analysing company and product performance and so contributing directly to company policy. He (or she) will operate in an environment of advanced reporting standards backed by a fully integrated computer system.
Applicants, aged mid 20's, should be numerate graduates, MBA's or qualified accountants/finalists with financial analysis experience in a substantial manufacturing company. They will need to show the potential to reach Controllership status within 2 years.
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Apply to R.A. PHILLIPS, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel. 01-493 0156.

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Marketing Officer

International Banking

Citibank N.A. offers an opportunity for an experienced professional to join its insurance team based in London. The Insurance Department of Citibank has over the years developed a pre-eminent position in the London insurance market. A key part of the business strategy now is marketing to the insurance broker sector.

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EUROBONDS

based London **negotiable salary**

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Robert Milne, 01-439 4381

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We are Bush Radio Limited, one of the fastest growing companies in the Consumer Electronics supply industry.

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Write (enclosing C.V.) in complete confidence to:
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BUSH

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CV's (with contact telephone number where possible) to: Personnel Dept., Merrill Lynch Holdings Ltd., 27 Finsbury Square, London EC2A 1AQ. (no agencies)

Merrill Lynch

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need an exceptional

Quantitative Financial Analyst

with computer skills

to be a part of their Fixed Income Analysis team in London.

For an appointment, please telephone or write
Mr Charles S. McVeigh, Managing Director,

Salomon Brothers International

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Telephone: 01-600 9171

Accountant

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BUILDING MATERIALS ANALYST
£18,000 to £20,000

Investment Analyst aged 28 to 40 with sound knowledge of the Building Materials sector to further develop major firm of UK Stockbrokers' coverage, as part of an established team.

For an initial discussion in the strictest of confidence, please contact:
Stephen Embleton or Elizabeth Evans

Stephens Associates
International Recruitment
44 Carter Lane, EC4V 5BX
Telephone: 01-236 7307

SENIOR INVESTMENT ANALYST

SGST *(jointly owned by Societe Generale and Strauss Turnbull and Co) one of the leaders of the Euro-*bond market, require a Senior Investment Analyst capable of taking charge of a specialised young and intelligent established research team. Sophisticated computer programming available. *Applications, including full cv, to:*

Mr P. A. Sherwood
SOCIETE GENERALE STRAUSS TURNBULL LIMITED
3 Moorgate Place, London EC2R 6HR

Experienced ambitious executive

To manage progressive small company supplying and installing bridges and other equipment for the construction industry. Applicants should be aged between 28 and 40, motivated, intelligent, and meticulous over detail. Civil engineering qualification and experience required for this unique opportunity to run an expanding company.
Apply in writing enclosing c.v. to Box A 8127, Financial Times 10 Cannon Street, London EC4P 4BY

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InterExec is the only organization specialising in the confidential promotion of senior executives.
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Leeds	0532 450243	12 St. Paul's St.
Manchester	061-236 8409	Faulkner Hse., Faulkner St.

The one who stands out

ACCOUNTANT

Circa £11,500 p.a.

Are you—

a Qualified, Chartered Accountant;
around 30 or under;
experienced in accountancy systems, audit, computers or investment;
ambitious, decisive and resourceful?

If you meet this criteria then we have a job for you, initially being responsible for certain treasurer functions with the opportunity, for the right person, of succeeding the Financial Accountant within three years.

Apply, in writing, for an application form to:

Mr. J. K. Beckton
Director of Personnel Services
Tees & Hartlepool Port Authority
Queen's Square, Middlesbrough
Cleveland TS2 1AH

The Institute of Chartered Accountants in England & Wales

London **around £15,000**

A vacancy has arisen within the Technical Directorate of the Institute of Chartered Accountants in England and Wales which offers a challenging opportunity to a high-calibre young accountant who wishes to contribute to the development of accounting standards. The successful applicant will provide support for the newly formed International Sub-Committee of the Accounting Standards Committee and other ASC working parties and will have frequent contact with leading members of the profession and with outside organisations. The experience which this post will provide should give the holder a unique advantage in developing his/her future career. There are also opportunities for promotion within the Institute and for transferring to other sections within the Technical Directorate. Candidates must be qualified accountants (male/female) preferably graduates in their mid/late twenties who are able to demonstrate clarity of thought on technical matters. Candidates with the ability to speak one or more other European languages will have an advantage. Salary will be dependent on age and experience.

Ref. 1264/FT
Apply to R. P. Carpenter, FCA, FCMA
ACIS, 2-5 Old Bond Street
London W1X 3TB
Tel: 01-493 0156

Phillips & Carpenter
Selection Consultants

APPOINTMENTS WANTED

EXPERIENCED

BLUE BUTTON

Required for
CITY STOCKBROKERS
Please ring Mrs P. Nash
01-638 5717 for appointment.

JAPANESE SECURITIES

American with extensive background, speaks and reads the language, seeks challenging position with foreign financial institution in Tokyo.
Replies to Box A 8126
Financial Times
10 Cannon Street, London EC4P 4BY

Appointments Advertising

Appears Every Thursday

Rate £31.50 per single column centimetre

Accountancy Appointments

Finance Director

Nottingham area

to £17,500+car

The Company, a profitable manufacturer of a highly regarded range of machinery for the mining industry, is part of a well established and substantial UK group. Turnover, which has grown steadily, now exceeds £9m.

Reporting to the Managing Director, responsibility is for the finance function and DP facilities. Initial tasks are to strengthen controls and computerise financial accounting systems. Beyond this, the role offers real involvement in the overall management of the business.

Candidates must be qualified accountants aged over 30, with considerable financial management experience in a manufacturing industry. Significant involvement with job costing and the development of computerised systems would also be desirable. Personal qualities must include a determined but agreeable personality, together with a high degree of business acumen.

Applications, which will be treated in confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Kevin Rotherham, quoting reference 1155/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

New opportunity in major group . . .

HEAD OF INTERNAL AUDIT

Bristol **£18,000-c.£20,000 +car & benefits.**

This appointment offers an ideal opportunity to establish and manage the internal audit function of an international group, itself a subsidiary of a major multinational concern.

Reporting directly to the Chairman the successful applicant will be responsible for designing and implementing a broadly based internal audit programme which will examine and evaluate the adequacy, effectiveness, and economy of the group's systems of management control.

The successful candidate will probably be a numerate graduate, aged between 33-40 years, who will have had a minimum of five years managerial experience in a large manufacturing company's Internal Audit Department. An accounting qualification would be useful but is not mandatory. The ability to communicate effectively both orally and in writing, and at all levels, is essential. The post will involve regular travel in the U.K. as well as occasional overseas visits.

Written applications containing career details should be forwarded, in confidence, to Robert N. Collier at our London address quoting reference 3923.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants
DLA

GUIDE TO ACCOUNTANCY RECRUITMENT CONSULTANTS

On Thursday, 3rd March 1983, the Financial Times proposes to publish a recruitment feature for newly qualified Chartered Accountants to coincide with publication of the list of successful candidates in the Institute of Chartered Accountants Part II examination.

As part of this feature we will be including a comprehensive guide to recruitment consultants serving the *accountancy sector.* Entries, which will include company name, address and telephone number, will be charged at £45. Additional information can be included at £10 per line.

To book space or for further information call :
FRANCIS PHILLIPS on 01-248 4782

Top level consultancy in financial services

mainly London, c. £20,000 + car

C&L

We are looking for qualified graduate accountants aged between 30 and 34 with drive, ambition and a record of commercial success, to take up senior positions in our expanding financial services group.

You will use your experience and knowledge to advise clients in the financial sector (banking, insurance, investment) on key business issues and opportunities facing the financial community. Although useful, a specialised knowledge of the sector is less important than a sound commercial background and an ability to recognise the needs of senior management.

Interested applicants should write to the Executive Selection Division quoting Ref. 25/2 and enclosing a résumé and a daytime telephone number.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Fleetway House, 25 Farringdon Street, London EC4A 4AQ.

Special Projects Accounting with IAL means you're bound to go far.

When we say 'go far', we're referring not only to the effect this experience will have on your future financial career, but also to the international dimensions of the post.

Because you'll be joining a team of accountants who are specifically responsible for handling special projects arising both within the UK and right throughout our multi-million pound operations in communications, aviation and technical services which stretch across Europe, the Middle East and the Far East.

Projects that will appeal to a qualified accountant who positively thrives on variety – embracing as they do a range of disciplines and objectives including stock control and valuation, capital budgets and approvals and examination of computerised accounting systems.

Based at our Head Office near Heathrow, this team performs vital support and troubleshooting roles when and wherever required in branches, subsidiaries and associates throughout the world, so it goes without saying that you'll have plenty of travelling, often at short notice.

We see the job going to a highly motivated and energetic man or woman in their mid to late twenties, a qualified member of a recognised accounting institute, with sound knowledge of computer systems and the ability to produce Management and Financial accounts from both manual and computerised records.

In return for your versatility and involvement, you'll be rewarded with a salary starting at *£11,000*, a very attractive benefits package and the prospect of totally new experiences and challenges.

Please phone or write with a detailed c.v. to: The Senior Recruitment Officer, IAL, Aeradio House, Hayes Road, Southall, Middlesex UB2 5NJ. Tel: 01-574 5134. Please quote Ref. K021.

IAL THE HIGH TECHNOLOGY TASK FORCE
MEDICAL SERVICES
COMMUNICATIONS SYSTEMS
COMPUTER SYSTEMS AND SERVICES
AVIATION SYSTEMS AND SERVICES-WORLDWIDE

Qualified Accountants for financial systems development

Outstanding career opportunities *in the oil industry*

As a major division of an internationally successful US Corporation, Marathon Oil UK is the fastest growing oil production company in the North Sea. Our expansion has been dramatic and our investment massive, and we are now ready to bring our Brae Field development on-stream this year.

We are committed to the extensive use of sophisticated management information systems and we now wish to strengthen the systems accounting function within our highly professional corporate accounting team by appointing three key people.

Our need is for young qualified Accountants (ACA, ACCA or ACMA) who can demonstrate an appreciation of the use of computerised systems to produce immediate and accurate financial information.

At Marathon, the Systems Accounting function provides an essential interface between the Accounting and Computer functions, so the proven ability to assist in developing and implementing new and enhanced systems is an essential requirement. Current systems, under development are a new budget system, an on-line accounts payable system and a second generation on-line financial system to incorporate purchasing, payables, cost and financial analysis and reporting.

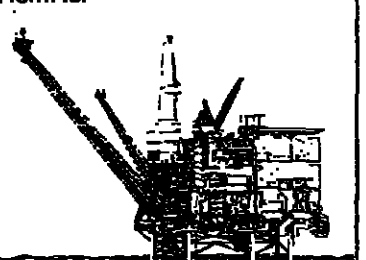
These career positions are recognised as prime entry points for our talented managers of the future. They provide a unique exposure to both the company's activities and the latest technology so future career prospects are outstanding for the successful men and women.

Starting salaries will be very competitive and you'll enjoy an excellent benefits package which includes subsidised BUPA and a valuable non-contributory pension scheme.

To arrange an early interview, please write with full personal and career details, or telephone for an application form to:

MARATHON

David Payne,
Recruitment Co-ordinator,
Marathon International Petroleum (GB) Ltd,
Marathon House,
174 Marylebone Road,
London NW1 5AT.
Tel: 01-486 0222.



GROUP FINANCIAL CONTROLLER

North East to £15,000+car

A substantial privately controlled group in the car retail trade with sites in three large towns in the North East wishes to strengthen further its management team by appointing a Group Financial Controller responsible to the Group Managing Director.

The main function will be to assume responsibility for the provision of management information, for the development of improved budgetary control and cash management, for enhancing the group's use of computers and for introducing corporate planning.

Candidates, preferably in their thirties, must be *professionally qualified and have appreciable experience* of operating at a senior level in a fast-moving, retail-based operation using sophisticated controls. The salary is negotiable to £15,000 p.a. plus car and other benefits; there are promotion prospects in the medium term.

Applicants should write in confidence with full details of previous experience and current salary quoting reference H1823 to John Hills at

Hodgson Harris & Associates
Management Consultants,
40/43 Chancery Lane,
London WC2A 1JJ.

(A.I.M.)

CHIEF ACCOUNTANT — SAUDI to £20,000 + Car + Accom

Construction company based Dharan. Single status.

AUDIT MANAGER — GULF to £30,000 + Car + Accom

Major international professional practice. Partnership prospects.

DEPUTY AUDIT MANAGER — CITY to £17,000 + Car

Major international group only limited travel.

OPERATIONAL AUDITOR — CITY to £12,000 + Bank Benefits

American bank require young accountant to travel. Good prospects.

ASSISTANT ACCOUNTANT — WEST END to £12,000 + Benefits

Public company in service industry seek lively young accountant. Applicants who must be qualified accountants should contact R. J. Welsh or A. A. Hammond.

Reginald Welsh & Partners Ltd
ACCOUNTANCY & EXECUTIVE RECRUITMENT CONSULTANTS
123/4 Newgate Street, London, EC1A 7AA. Tel: 01 600 8387
(Associate Offices in America & Nigeria)

Management Accountant

London **Upto £17,000 p.a. + car + profitsharing**

Tek Translation and International Print Limited is the world leader in the translation and production of technical publications and books for major exporters and international publishers. Tek is a small, dynamic company which is expanding strongly in the U.K., Europe, USA and Far East.

This growth has created a challenging opportunity for a Management Accountant whose initial objective will be to review the efficiency and cost effectiveness of all company activities. Reporting to the Managing Director - as a member of the senior management team - you will be co-ordinating the activities of the Heads of the Marketing, Translation, Production and Accounts departments. Your responsibilities will include financial management of large company projects and an appraisal of overseas activities.

Aged 28 to 38, you must possess a suitable professional accountancy qualification and preferably will have experience in a decision making capacity within a service industry.

A generous rewards package includes a salary of £15,000 - £17,000 p.a., dependent on age/experience, a profit sharing scheme and company car.

Send full cv to Lew Ozarow,
PER, 4-5 Grosvenor Place,
London
SW1X 7SB.

PER Executive Selection

Financial Accountant

Birmingham ***c £13½K+substantial benefits***

Our client is a major UK financial institution with international interests. Expansion of the financial control section of the Overseas Division has given rise to a new position for a financial accountant based at Birmingham.

Initial responsibilities will include the preparation of regular financial and management accounts, the monitoring of the Division's operating expenses and an involvement in the development of a major new computerised accounting system, as well as undertaking ad hoc projects.

Candidates, aged 25 to 28, must be chartered or certified accountants with a minimum of two years post-qualifying experience including preparation of complex financial systems. A good working knowledge of computer applications and systems would be useful, and a high level of interpersonal and communicative skills is essential.

Our client is offering an exciting and demanding job with considerable long term career prospects and an exceptionally generous package of financial benefits.

Candidates, male or female, should write for a personal history form to Alan Gilmour,
Executive Selection Division, Southwark Towers,
32 London Bridge Street, London SE1 9SY.
Please quote reference MCS/9010.

Price Waterhouse Associates

GROUP ACCOUNTANT

A Somerset based group of companies trading internationally requires a qualified accountant (age 30+) for the position of Group Accountant. *Group activities are primarily manufacturing and contracting within the* construction industry and knowledge of the industry would be an advantage. The position reports directly to the Board and involves total responsibility for all aspects of accounting within the Group. Attractive remuneration package including car.

Please apply with detailed cv to:
Company Secretary
PYROK HOLDINGS LTD
Brue Way, Walrow, Highbridge
Somerset TA9 4AW

PYROK

FINANCE MANAGER

25 – 30 **London WC2** **up to £16,000**

A young dynamic service company related to the entertainment and sports industries provides fully automated ticketing and related accounting systems. These systems are already in operation in Europe, Canada and the United States: the newly established UK company has exciting prospects.

They require a Finance Manager who will report to the General Manager and be responsible for the complete accounting function including:

- the operation and further development of a modern accounting system
- the production of monthly and annual accounts
- the preparation of annual plan and longer term forecasting
- the development and operation of budgetary control systems
- cash management

Candidates should be aged between 25 and 30 and must be qualified accountants and have had some years experience in a service industry. This is a challenging appointment and there are prospects of promotion to Financial Director within 12 months.

Salary is negotiable to £16,000.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref. 2094 to W. L. Tait.

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.
A member of the Management Consultants Association.

Accountancy Appointments

ASSISTANT TREASURER

WEST LAMBETH HEALTH AUTHORITY

TRUST FUNDS

Scale 27 £12,397 to £16,809 inclusive

Applications are invited for the above post from suitably qualified accountants. Relevant experience either in the public service or charitable/trust funds accounting would be an advantage. The successful applicant will be responsible to the Treasurer for the provision of modern accountancy and financial services of the Trust Funds administered by the Special Trustees of St. Thomas' Hospital.

He/she will be responsible for a department consisting of eight support staff. As a senior member of the Treasurer's staff the appointee will provide an input to general management and be a member of the financial management team.

Job description and application forms are obtainable *from our Personnel Department, St. Thomas'* Hospital, London, SE1. Tel: 01-928 9292 Ext. 2422.

Closing date for applications is 4th March, 1983.

Financial director

N West, c £22,000 + car

C&L

Responsible to the Chairman of a major division of a well known Group. The division is a decentralised consumer products business with largely autonomous subsidiaries and is an important part of the Group's development plans.

The main tasks will be to provide the Chairman and Board with the financial evaluations and controls needed to develop the business and to participate fully as a director in the running of the division.

Experience at unit level and at the centre of a decentralised group in FMCG or retailing together with recent acquisition experience are important requirements. Career opportunities are excellent.

Résumés including a daytime telephone number to E J Robins, Executive Selection Division, Ref. R134.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

St James's House Charlotte Street
Manchester M1 4DZ

FINANCIAL DIRECTOR

Entrepreneurial Financial Company

Salary c. £25,000

The company is a well respected market leader. Although small in numbers of staff and autonomous, it is a subsidiary of one of the largest and most prestigious financial institutions.

Your task would be to provide an effective financial viewpoint to a small marketing orientated management team, to challenge current practices and to initiate new ideas. Other key tasks include exercising tight control over sizeable DP expenditure.

You need to be a Chartered Accountant who has run successfully an accounts department in a sales orientated company in industry or in the City. As important, you must be ready to be a full Board member with the minimum lead-in period.

Your name will not be released until we have briefed you and you have given your consent. Please write to me, Terence Hart Dyke, Consultant to the Group.

Business Development Consultants (International) Ltd
63 Mansell Street
London E1 8AN

BDC

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

THURSDAY
3rd MARCH, 1983

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, 3rd March 1983, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments" Advertising rates will be £31.50 per single column centimetre. Special positions are available by arrangement at premium rates of £37.50 per s.c.c. Newly qualified Accountants, especially Chartered, are never easy to recruit — don't miss this opportunity!

For further details please telephone

01-248 4782 or 01-236 9763

Recently qualified to join a leading money broker...

FINANCIAL CONTROLLER

City **£15,000+car**

Our client, a publicly quoted U.K. group, have offices throughout the world's most important financial centres. Operating within the demanding and exciting environment of international money broking, they have established an excellent reputation and have a long history of successful trading.

They now wish to recruit a qualified accountant to take responsibility for the total accounting function and systems development within their London office.

The company has installed some of the most sophisticated micro-processor based telecommunications systems available. Consequently it is essential that candidates have a sound knowledge of and an interest in computer based systems.

Candidates should be qualified accountants aged 27+ with at least two years post qualification experience gained outside public practice preferably within a financial institution. The successful candidate will need to demonstrate a high level of technical knowledge and personal qualities including the ability to communicate and organise effectively.

Applications should be sent to Richard Norman FCA at our London address quoting reference 3912.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Ambitious Young Accountant

(BUSINESS DECISION MAKER)

to £11,000 + car

PEAK DISTRICT, DERBY

A business minded accountant, recently qualified and with line management experience in industry, is to be appointed to a newly created management position within this profitable & successful UK company.

As a key member of the finance team the appointee will be actively involved in the company's expansion programme, concentrating on new & existing products, particularly from the planning & financial control aspect.

Strength of personality to operate effectively with marketing & production colleagues and the ability to present a convincing case to the Board when necessary are of paramount importance.

Considerable emphasis will also be placed on the further development of on-line data based systems, supervising and working with a small support team. There is ample scope for personal advancement and benefits are appreciable.

Interviews will be held in Derby and London. Apply in confidence to:-

Sedgwick, Sedgwick & Goodyer

170 Bishopsgate, London, EC2M 4LX. 01-283 3621

Senior accountancy & financial management selection

Finance Director

Drybrough & Company Limited, a Scottish based subsidiary of a major brewing group, requires a dynamic and imaginative Finance Director. The Group's management style allows considerable delegation to its subsidiaries.

The Finance Director will make a significant contribution to the continuation of the Company's profitable growth by adding value to the decision making process. He will also lead the finance function through a period of great change.

The successful candidate is likely to be mid thirties with a good education and should be an Accountant or MBA. He will have been at or close to board level where his commercial judgement as well as financial knowledge has been demonstrated. He must have experience of sophisticated financial systems and modern financial technique in a demanding environment.

Salary, car, fringe benefits and generous relocation package reflect the importance of this senior position.

Applications, including full CV, should be forwarded to:
B. G. Wylie, Personnel Director.

Drybrough & Co Ltd

The Brewery, Craigmillar, Edinburgh EH16 4AT.

Finance Director

Essex **to £18K + Car**

A British multinational organisation is seeking a Finance Director for one of its major subsidiaries. The company is an independent manufacturing unit with sales of over £30 million, and a major influence in its product market. It is currently involved in major restructuring with the aim of introducing new product ranges to meet changing demand.

Reporting to the M.D., and constituting part of the Executive team, this role carries responsibility for providing comprehensive financial control information through the effective deployment of all accounting systems. The finance division – which has a staff of 60 – also incorporates the Data Processing, Purchasing and Company Secretarial functions. A crucial part of the job is active contribution to all major company executive decisions.

Candidates should be qualified accountants preferably with costing and sales accounting experience, and with the demonstrable ability to manage experienced and qualified staff. An essential requirement is the capacity to understand non-financial perspectives in helping to formulate company policy.

Membership of an international group enables the company to offer good promotion prospects either vertically within Finance, or to general management. The generous benefits provided are in line with accepted good company practice.

Please apply in confidence, quoting Ref. 014/1 to S. C. Mackay.

Charles Barker

MANAGEMENT SELECTION INTERNATIONAL LTD.

30 Farringdon Street, London EC4A 4EA. Telephone 01-236 0588.

MANAGEMENT SELECTION — EXECUTIVE SEARCH

Management Opportunity

Corporate Audit

Central Southern England c.£14,000+ Co. car

Our client, a multi-national high technology corporation, is a world leader in telecommunication systems.

A large number of main frames and mini computers are used throughout the business and are fully accepted as an important tool of management. The internal audit unit, which is part of the corporate staff, has a wide ranging responsibility to the **Executive Management Committee** to report on the quality and suitability of business control systems.

Candidates who will probably, but not necessarily, be qualified accountants, should have at least 2 years' senior auditing experience in the profession or the internal unit of a major corporation.

In addition, candidates should be able to demonstrate successful line responsibility for an accounting department because this position is seen as an assignment prior to taking up a management appointment in one of the subsidiary companies. Salary is negotiable, there is an attractive re-location scheme where appropriate, and a large company benefit package.

In the first instance, contact Bruce Crammond on 01-631 4184 or write to:
A & A Consultants (Holding) Limited,
International Management & Recruitment,
10 Little Portland Street,
London W1N 5DF.

FINANCIAL CONTROLLER

(DIRECTOR DESIGNATE)

Bromley, Kent **to £18,000 plus car**

Our client requires a dynamic, ambitious chartered accountant aged 33-40 and with experience within a service industry. Candidates should have good computerisation experience and be living in SE London or Kent at present. You should also be looking for a senior position within a small but growing group engaged in a variety of service activities. Applicants who feel that they meet the above requirements should contact Graham Palfery-Smith.

Badenoch & Clark
4 New Bridge Street, London EC4
Telephone: 01-353 7722/1867

INBUCON

Finance Director

City of London £30-40,000 Package

Our client is a major investment management company in the City with substantial funds under management and an outstanding record of growth and profitability.

The requirement is for a Finance Director who has the skills, experience and personal attributes to exercise corporate control of finance and administration and to contribute, as a member of the main board, to the future development of this progressive company.

Candidates are likely to be aged 35-45 and must be chartered accountants. Previous involvement in the City will be a considerable advantage. They must be able to demonstrate extensive experience of financial control in one or more established organisations.

Salary is unlikely to be an obstacle for an ideal candidate. The remuneration package includes a salary of c.£30,000 plus profit participation. A car will be provided and the pension scheme is non-contributory. Please write with full details of career and experience to A. J. Edmondson, quoting reference 3981.

INBUCON MANAGEMENT CONSULTANTS LIMITED
Knightsbridge House, 197 Knightsbridge, London SW7 1RN

Manager-Customer Accounting

WEMBLEY, MIDDLESEX c. £21,000+car

North Thames Gas are looking for a special person for the challenging job of Customer Accounting Manager. This position carries responsibility for the operation of the Region's meter reading programme covering nearly two million customers, and for the subsequent prompt billing and collection of all income of about £750m per annum on a cost-effective basis. The Region – a part of British Gas – takes in an area from High Wycombe, through Central London to Southend.

The successful candidate will be a manager with a successful track record and proven ability to take on this senior role with its responsibility for over 1500 staff employed in meter reading, coin collection and the running of very advanced computer based systems within very tight deadlines. A professional qualification in accounting or allied subject would be an advantage but the prime requirement is managerial ability.

Applications from suitably experienced men or women should be addressed to: The Director of Personnel, North Thames Gas, North Thames House, London Road, Staines, Middlesex. Tel: Staines 61666 ext 3282. Please quote reference H0203/ FT

NORTH THAMES GAS

International Appointments

Managing Director

Contracting

Saudi Arabia

This international group, a leader in its specialised field, is seeking through this appointment to realise the considerable potential which exists for it throughout the Middle East.

The appointed candidate will be profit accountable for a young but firmly established company which currently undertakes contracts principally for the petrochemical and heavy structural industries.

A general manager with a successful record in profit and business development within the contracting or related field is required. Middle East experience preferred.

Initial salary for discussion over £30,000 free of local tax; bonus; free furnished accommodation; car; education allowances; generous UK leave; pension; medical cover.

Please write – in confidence – with full personal and career details to G. E. Howard ref. B.1175/1.

MSL middle east

Management Selection Limited
International Management Consultants
52 Grosvenor Gardens London SW1W 0AW

BACHE HALSEY STUART (MONACO) INC.

Seeks Account Executives with established clientele. Direct lines to London and U.S.A. Numerous financial advantages. Pleasant offices in ideal Mediterranean location.

Contact:
T. Van Essche, Manager,
BACHE HALSEY STUART,
Sporting d'Hiver,
Monte Carlo (Monaco).
Telephone: (93) 50 71 71

SAUDI ARABIA

Multinational Belgian-based company seeks immediately a Commercially Orientated

RESIDENT ELECTRICAL ENGINEER

Experienced in transformers and/or power systems, fluent in English and preferably also an Arab language, age between 30-50. Good salary, free accommodation. Two-year contract subject to extension if mission carried out successfully. Previous work experience in Saudi and with power utilities will be an asset.

Send application with full qualifications, previous employment and responsibilities held to
ACEC LONDON
Mr. R. Quataert
36-37 Piccadilly, London W1V 0PL

PSI IÖD ISKA ISP

PUBLIC SERVICES INTERNATIONAL

(PSI) an international trade union organisation representing over nine million public service workers is seeking:—

SECRETARY FOR FINANCE AND ADMINISTRATION

The successful applicant will be the senior member of the management team with special responsibility for:
—maintaining an efficient administrative organisation
—the financial conduct of the PSI
—contributing to the development of policy

The post becomes vacant upon the relocation to the Geneva area and some foreign travel may be required.

Demonstrated experience of a substantial and relevant nature together with a commitment to the principles of the international free trade union movement will be of prime advantage.

Duties to commence from July 1983 or earlier at a salary and terms to be negotiated.

Fuller details and application form on request for submission before the 18th March 1983 from:

The General Secretary,
PUBLIC SERVICES INTERNATIONAL,
Central Way, Feltham, Middx, Great Britain
or telephone 44.1.751.0162

NON-FERROUS METALS MARKETS INTERNATIONAL MARKETING STRATEGY FRENCH-SPEAKING AFRICA

A major company in the mining industry is seeking to define a new commercial strategy for marketing non-ferrous metal products.

The company seeks a mining engineer with commercial training and with experience in marketing in a senior position, gained in a mining company, or a trading or commodity broking company.

The candidate, aged at least 40, will be able to demonstrate an in-depth knowledge of the mining business, the markets for non-ferrous metals (both on the London and Chicago exchanges), as well as a detailed knowledge of the procedures of raw materials marketing.

Fluent French, English, and some Spanish are essential.

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This position is being handled by a consultant from our Paris office, who will *provide further confidential information during the course of an interview, which* will be held in London. Candidates should, in the first instance, send hand-written applications with a detailed C.V. and photograph for the attention of:-

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Sinclair House, The Avenue, London. W13 8NT, Tel. 01-998 7733
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Further information is obtainable from Managing Director Tore Smith Jørgensen, Bergen Bank International S.A., Luxembourg, phone (+35 2) 24 681, or from Deputy General Manager Tor Brekke, Bergen Bank A/S, Oslo, Norway, phone (+47 2) 40 05 50.

Applications should be sent to the Chairman of the Board, Managing Director Finn B. Henriksen, Bergen Bank A/S, p.o. box 286, N-5001 Bergen, Norway by March 1, 1983.

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HCA International Ltd
49 Wigmore Street
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Recruitment Department, Al-Futtaim Industries (Private) Limited, P.O. Box 152, Dubai, U.A.E.

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Head, Consular Division, T&T High Commission
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TECHNOLOGY

EDITED BY ALAN CANE

UK BREAKTHROUGH IN MACHINE TOOLING

New twist for tungsten carbide

BY MAX COMMANDER

HOW TO TWIST tungsten carbide tips for CNC machine tools has posed problems for some years. Now, Marwin *Cutting Tools of Leicestershire*, the founder member of the £16m turnover Marwin Group with extensive engineering interests in the Midlands, has joined with Aston University and Birmingham University to market what well might prove a machine tool breakthrough for the depressed West Midlands.

Marwin has recently perfected a system to twist the carbide tungsten tips for machine cutting tools to such an extent that it will be possible to remove metal faster in a better way and with a longer tool life than any previous cutting tools.

Bonding

Aston and Birmingham Universities have recently received grants from the Science and Engineering Research Council of £152,000 to develop the system further. About £80,000 goes to the University of Aston for work on the optimisation of the tool geometry for end milling and hole producing operations.

The extra part of the SERC grant goes to Birmingham University (it is worth about £65,000) to carry out work on adhesive bonding of the carbide inserts into the cast bodies. If Birmingham University work is successful on this project it could eliminate many of the problems which presently arise on brazing the inserts into the tools.

After the original work by Marwin—which is thought to offer *something* better, *faster* and could last longer than anything previously offered worldwide, Aston's Department of Production Engineering recruited a special team to help to determine the best way of production, planning and control of the new range.

Marketplace

Professor Bob Thornley, head of Aston's Department of Production Engineering is a bit shy of the phrase but still believes that the project could be the biggest collaborative effort between British industry and universities.

Sidney Woodford, Marwin's managing director in Leicester, said: "We have a two to three year lead on the competition and the joint work with Aston will enable us to get into the marketplace that much sooner.

Sophisticated

Professor Thornley said: "Marwin quickly realised the potential of its technological breakthrough but realised that present methods of production and managerial control techniques were not suitable for a new range of products to be sold in world markets."

But much of the original work was due to Marwin technicians who realised that with the advent of more sophisticated machine tools there was also a market for more sophisticated cutting tools with a much improved performance to enable the machine tools to operate at maximum productivity.

This set off a programme of research which indicated clearly that the main requirement was a series of tungsten carbide helical fluted tools. This resulted from the obvious limitations of the existing flat blade and straight flute designs.

In the '60s helical tungsten carbide was very expensive to produce; it was inaccurate in shape and limited to a length of about two inches. The Marwin research programme enabled the company to produce accurately former helical tungsten carbide tips without any length restriction.

Established

At present the tips can be produced to any helix angle up to 60° with any diameter from ¼ in to 8 in any direction of rotation and cut to an accuracy of +/− 022 in per 1 in helical form. Marwin believes that the system is unique and has made possible the introduction of helical tools which were previously impossible.

Although the company's earlier ranges are now well established, the second phase uses a single piece of fully-sintered tungsten carbide which is twisted to form two complete edges and flutes in one operation.

Woodworking

Marwin claims that productivity increases obtained by its helicon slot drill when measured in metal removal could range between 300 and 800 per cent, with tool life factor to something like the same order. Further developments of the technique are already in hand with possibilities in the woodworking *industry*.

Marwin Cutting Tools (Sidney Woodford, managing director) is on 0533 303241; Prof Robert Thornley, or one of his Production Engineering Department team, is on 021-359 3611, and the Brimingham University's work on investigating adhesives (Dr M. Sadek) 021-472 1301.

Universities' collaboration

MARWIN CUTTING Tools in Rothley, Leicestershire, was the founder member of the Marwin Group and started manufacturing tungsten carbide tipped tools in the mid-1950s. After awards for technical achievement and Design Council Awards, the company has recently perfected and patented the process to twist tungsten carbide machine tool tips which the company believes will be capable of faster metal removal and could provide better cutting life than any previous cutting tools.

The management of Marwin believed that its present methods and managerial control techniques were not adequate to the manufacture of the new products because of the expected growth in the next couple of years and it was felt that a teaching programme could be of value. While Marwin was fully committed to the expansion it felt it might be delayed by the shortage of expertise in the appropriate fields.

Four immediate university projects have been identified using four associates, but Birmingham and Aston Universities believe that a second application to SERC will be required in about 10 months after the initial work.

The universities have divided the work into several project areas. Project One is designed to deal with cutting tool production where the traditional method of holding tungsten carbide inserts in the cutter bodies is by brazing, but there are problems: such as stress cracking and process reliability. The process is at present labour intensive and relies on the skill of the operator.

Deformation

At present the tungsten carbide inserts are produced by a twisting process which involves deformation at high temperature. The technique is a manual one and requires considerable operator skill. The universities intend to investigate partial automation of the present process to try and meet the anticipated demand.

In the Second Project area an investigation will be made of investment castings and a study to determine the product ranges for which the process is viable. The University of Aston believes that it may be possible to rationalise the product range to achieve greater standardisation in casting design.

Aston University thinks that the proposed increase in the pro*duction of Marwin Tools could* mean a substantial increase for castings, and while these are presently bought outside, there might be a case for an in-house casting facility.

At the moment patents for the Marwin process have been taken out in the UK, U.S., France, Holland, Switzerland, Italy, Denmark, Israel and South Africa. Exclusive manufacturing rights have been granted to Fansteel, which is a carbide alloy specialist manufacturer in Chicago and similar arrangements are under negotiation with companies in West Germany and Japan.

CIRCUIT BOARDS TOPIC SEETHES WITH CONTROVERSY

Economic alternative for fixing components

BY ELAINE WILLIAMS

FIXING electronic components onto printed circuit boards may sound like a relatively simple procedure but the topic is fairly seething with controversy.

Many techniques have evolved over the years to bond various types of components, from silicon chips, hybrid circuits to resistors and capacitors. The most common and cheapest way is to insert components' leads through holes in printed circuit boards and then solder them to the metal tracks to form the final circuit.

New ways are being developed to meet future needs in the industry and Welwyn Electric, Europe's biggest resistor makers believes that it has come up with an economic alternatives.

Dr Peter Kirby, director of research at Welwyn Electric's subsidiary Welwyn Electronics, announced that the group has filed for two patents on component bonding.

It is based on the combination of flexible printed circuit board and so-called chip carrier technology. Chip carriers are simply a way of packaging silicon chips and other electronic circuits in a leadless or legless form.

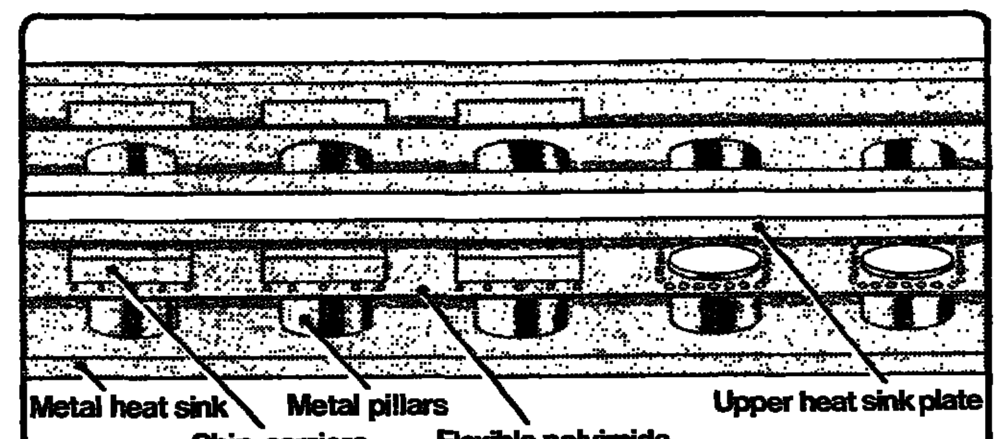
As silicon chips grow in complexity so this form of packaging becomes more useful since these packages are more compact than the conventional dual-in-line packages which have metallic leads.

Welwyn has simply combined these carriers surface bonded to the flexible printed circuit and sandwiched between a specially designed aluminium heat sink. Dr Kirby is hopeful that this will prove to be a low cost way of using chip carriers in a wide range of industrial, telecommunications and defence applications.

Much of the early work on the design has been carried out with the co-operation of British Telecom at Martlesham which is presently evaluating a number of printed circuit board technologies.

Dr Kirby and his team at Welwyn, however, are anxious to press on with the development of the idea and is looking for a number of commercial applications to try out the technology.

But there are many competitive products on the market at various costs. In the UK, Exacta Circuits in Scotland with its ChipStrate technology is among the rivals, as Dr Kirby admits.



Two or more of the new electronic assemblies from Welwyn Electronics can be stacked together, providing a strong mechanical unit with flexible printed interconnections for chip carriers and other face-bonded devices plus completely separate thermal management through the specially designed heatsink. Patents have been applied for, the company has announced

Text formatting

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MAGICPRINT IS a versatile text formatting program which provides true proportional printing plus many additional text editing features to greatly enhance the appearance of the printed page to the same standard as high-quality books or magazines.

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Extraction

Two nozzles

TWO suction nozzles with damper control facilities for use with welding fume extraction equipment are now available from Climavent based in St Helens, Merseyside.

The Model DSB-100 suction nozzle has a 32 mm diameter hose connector and is capable of a fume extraction rate of 100 cu metres per hour for medium- to heavy-duty operations. The DSB-200 operates at twice the extraction rate and is intended for very heavy welding. More information on these products is available on 0942 726164.

Micromotors

Gearheads

NOW AVAILABLE from Portescap UK on 0734 861485 are two ranges of reduction gearheads for 15 mm and 16 mm diameter micromotors. Known as the models 15/6 and 16/6, the company says that the new gearheads are lower cost alternatives to existing types.

They were intended for applications in which the permanent side thrust on the output shaft is not excessive. Typically, the maximum radial load on the output shaft, at 6.5 mm from the mounting flange, is 4N and the maximum axial load is 5N.

INTERNATIONAL APPOINTMENTS

Bougainville moves back into profit

BY KENNETH MARSTON

THE RIO TINTO-ZINC group's big Bougainville copper-gold operation in Papua New Guinea has returned to profitability in the second half of 1982 following a half-time loss of Kina 14.64m.

Net profits for the full year come out at K11.2m, thus indicating earnings of K25.85m in the second half, which is more than the K22.79m earned in the whole of 1981. A single divident of 2.5 toea (2.2p) is declared for 1982 compared with a total of 5 toea for 1981.

Lachlan Drummond reports from Sydney that the turnround reflects higher prices in the second half for gold and silver, coupled with increased output of copper, gold and silver together with lower unit costs.

Average metal prices for all of 1982 were below those for 1981. Copper averaged U.S. 67 cents per pound, its lowest in real terms since the 1930s, compared with 79 cents in 1981. Gold averaged $376 per ounce against $460 while silver averaged $7.90 per ounce against $10.50.

Bougainville's 1982 sales of concentrates contained: copper 170,687 tonnes (170,733 tonnes in 1981), gold 17,694 kg (17,224 kg) and silver 43,290 kg (43,667 kg).

Despite the second-half recovery, total earnings for 1982 amounted to a return on shareholders' funds of only 1.9 per cent against 3.9 per cent in 1981. Prospects for the current year, however, are brighter.

There will be a full year's benefit of higher production following the installation of two more ball mills and all three metal prices have improved further. Copper is now around 80 cents with gold at over $500 and silver about $14.70.

Shares of Bougainville rose 3p to 151p in London yesterday. A stake of 53.6 per cent in the company is held by CRA which, in turn, is 57.2 per cent-owned by RTZ.

Utah reports 12% rise in 1982 net profits

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIA'S biggest coal exporter, Utah Development Corporation, yesterday reported a 12 per cent rise in net profits for 1982, but painted a gloomy picture of the current year's outlook.

The past 12 months' net profits were A$148.5m (£94m), against A$132.6m, on slightly higher sales revenue from the coal operations and the one-third interest in the Mount Goldsworthy iron ore joint venture.

Profits of this order lie behind Broken Hill Proprietary's plans to take Utah into Australian ownership through a A$2.4bn takeover of the parent company, Utah International, from General Electric of the U.S.

Yesterday's forecast of a poor performance this year could make BHP's plan to hive off a large part of its purchase to a consortium of local interests a little more difficult.

Utah said current indications were that there would be no real recovery in demand for coking coal or *iron in 1983, and present over-production* made big reduction likely in prices for contracts due to be renegotiated this year.

In this context it is significant that Japanese buyers of coal have already obtained price cuts from U.S. suppliers of between $12 (£8) and $13 to about $53 a tonne.

The company also expects purchasers to attempt to recoup through lower prices the foreign exchange gains which have accrued to Australian producers through the weakness of the Australian dollar against the U.S. curency.

This factor added A$30m to Utah's profits last year, shielding the company from the effects of a 15.4 per cent fall in shipments from *the central Queensland mines.*

Overall, Utah's share of coal deliveries from the 76.25 per cent-owned Goonyella, Peak Downs, Saraji and Norwich Park mines and the wholly-owned Blackwater was 13.5m tonnes, down from 16m tonnes in 1981.

The company began to cut production in the middle of last year in an effort to reduce mine stockpiles, *but has maintained its stocks at the* ports to give it maximum marketing flexibility.

Amax opens talks on molybdenum prospect

BY OUR MINING STAFF

THE LEADING FORCE in the world molybdenum business, Amax of the U.S. has opened talks with U.S. Energy Corporation and Crested Butte Silver Mining on the future of the $1bn (£650m) Mount Emmons molybdenum prospect in Colorado.

The talks will cover either the purchase by Amax of the other companies' small stakes in the prospect, or a renegotiation of the current royalty agreements, which require Amax to deliver 350,000 pounds of moly a year to each of the companies.

U.S. Energy and Crested Butte will welcome a renegotiation because the moly they receive is now worth only a fraction of its value in 1980, when the agreement was concluded, while Amax would undoubtedly prefer to be released from what is at present an open-ended commitment.

Kwik-Fit agrees deal to buy Crest for £5.6m

BY RAY MAUGHAN

KWIK-FIT (Tyres and Exhausts), the largest independent vehicle parts installation business in Europe, has struck an agreed all equity deal to buy Crest International Securities for about £5.6m.

Terms of the offer will be three Kwik-Fit shares, priced yesterday at 50p each after a 3p fall, for every 10 Crest shares, *which rose ½p to* 13½p. Crest is expected to disclose net asset of £4.4m as at the end of 1982.

Mr Alex Stenson, Mr Tom Farmer and Mr E Landau are directors of both companies and have not participated *in any of the decisions by* the Crest board in connection with the Kwik-Fit offer.

They have however undertaken irrevicably to pledge acceptances in respect of their 32.2 per cent holding which, with the acceptances of *the independent Crest directors,* brings the level of acceptances thus far up to 34.1 per cent.

Crest, which is quoted on the unlisted securities market, had been talking to Howard Tenens, the distribution and engineering group, about a bid last year and, shortly after those talks folded, further negotiations commenced with an unnamed party.

Kwik-Fit emerged as the buyer because, it said, it has been forced to acquire property sites from time to time which are larger than the requirements of its principal trading businesses. These sites often have considerable development potential and the merger would "enable Kwik-Fit to take full advantage of the property expertise of Crest in the management, development and further expansion of its chain of trading depots."

Mr Stenson and Mr Farmer were instrumental in taking Crest back into the stock market two years ago after a seven year suspension. Mr Stenson subscribed for £1m of new shares in the company

Director received £70,000

By Our Financial Staff

MR PETER LEE, who resigned last September from Union Discount, one of the City's biggest discount houses, received £70,000 compensation for loss of office.

The compensation which includes £38,280 superannuation gratuity is revealed in a note to Union Discount's 1982 annual report

Mr Lee, aged 57, had worked for Union Discount for 33 years and been a member of the management team for 24 years. He had been a director for 12 years

Mr A. J. O. Titchie, chairman of Union Discount, pays tribute to Mr Lee in his chairman's statement. "He had played a major role in the Company's affairs as well as making an important contribution to the *affairs of the Discount Market As*sociation. I am delighted that his experience and knowledge of the London money markets will not be lost to the City."

Bluemel halts dealing for new share talks

SHARE dealings in Bluemel Brothers, the loss-making cycle and motor accessory manufacturer, were suspended yesterday at the company's request.

Bluemel said discussions were in progress "which may lead to proposals being put to shareholders involving an increase in the company's share capital."

Shares stood at 25p at the time of suspension, 3p down on the day's opening price.

The company has reported losses since 1981. In the full year to September 30 1981, a pre-tax loss of £396,000 was reported on a turnover of £4.3m. In the six months to March last year, losses of £259,000 were reported, with turnover shrinking from £2.2m to £2.1m.

Figures for the full year to September 30 1982 are overdue, and it is understood that they will be released once details of the presnt discussions are unveiled.

Skandia Life bulges with new business

BY OUR FINANCIAL STAFF

SKANDIA Life Assurance, the UK life company member of the Swedish insurance conglomerate Skan*dia Insurance Group, reports buoy*ant new business for 1982. New annual premiums rose by more than 40 per cent to £5.3m, while single premiums rose by two-thirds to £32.6m.

New sums assured rose by 90 per cent to £334m bringing the total sums assured in force to £608m. Mr Paul Bradshaw, Skandia Life's managing director, said unit-linked Assurance tended in the past to be associated with investment. His company's rapid growth showed un*it-linked policies* were suitable to provide the level of protection needed today.

Argyll buys seven stores

By Our Financial Staff

ARGYLL FOODS have acquired seven Pick 'N Save stores in Scotland from George Mellis and Son of Aberdeen.

The deal for an undisclosed sum, takes effect on February 28. The stores will trade under the Templeton badge of Argyll's Lipton division.

Lipton's director John Feldon said: "Where Templeton and Pick 'N Save are trading in close proximity, they will be merged into one unit at *the best location. We do not, how*ever, anticipate any job losses. In fact, in some cases, additional staff may be required."

Epicure moves ahead with £703,000 profit

BY OUR FINANCIAL STAFF

PRE-TAX profits of Epicure Holdings moved ahead from £540,000 to £703,000 for the six months ended December 31, 1982, and the interim dividend is increased to 0.78p net per 5p share, against 0.652p.

The directors say both the property and construction sectors performed strongly, but the hotel interests show little sign of improvement.

Investment losses, incurred in the second half of last year, have been reversed, say the directors, and with order books looking strong, they expect the first-half growth to be sustained in the second six months.

Sales at the interim stage went up from £5.84m to £6.95m and profits were subject to tax of £163,000 compared with £100,000. Earnings per share are shown as 2.6p, against 2.1p.

Dividends totalled 1.75p last year and pre-tax profits amounted to £1m.

RESULTS IN BRIEF

■ ARIEL INDUSTRIES
Industrial fastner maker

Half-year to Sept 30	1982	1981
	£	£
Sales	4.43m	3.58m
Pre-tax profit	15,400	24,100*
Tax	–	–
Attributable profit	48,400*	48,300*
Earnings per share	0.8p	0.8p*
Dividend	–	0.541

* *Loss*

■ ALEXANDERS HOLDINGS
Motor trading

Year to Sept 30	1982	1981
	£	£
Sales	43.85m	35.73m
Pre-tax profit	154,000	152,000
Tax	–	–
Attributable profit	–	–
Earnings per share*	0.53p	0.52p
Dividend	–	–

* *One-for-10 scrip issue is proposed*

■ BOGOD-PELEPAH
Sewing machine distributor

Half-year to Sept 30	1982	1981
	£	£
Sales	3.42m	3.2m
Pre-tax profit	40,000	3,000
Tax	6,500	–
Attributable profit	33,500	3,000
Earnings per share	0.314p	0.028p
Dividend	0.1p	–

■ DRAYTON JAPAN
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	2.87m	3.59m
Tax	1.45m	1.43m
Dividend	8.5p	7.35p
NAV per share	265.25p	223.5p

■ FREDERICK PARKER GROUP
Manufacture, hire and service of stone crushing and grading plant

Year to Sept 30	1982	1981
	£	£
Sales	40.49m	39.61m
Pre-tax profit	3.02m	3.1m
Tax	701,000	256,000
Attributable profit	2.31m	2.85m
Earnings per share	16p	19.7p
Dividend	5p	4.5p

■ GUILDHALL PROPERTY COMPANY
Property investment

Half-Year to Dec 31	1982	1981
	£	£
Sales	–	–
Pre-tax profit	555,000	536,000
Tax	276,000	271,000
Attributable profit	–	–
Earnings per share	–	–
Dividend	0.75p	0.75p

■ UPDOWN INVESTMENT COMPANY
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	195,000	158,000
Tax	67,000	55,000
Dividend	2.5p	2.25p
NAV per share	147p	120p

■ HADLAND HOLDINGS
Photographic instrument manufacturer

Year to Oct 31	1982	1981
	£	£
Sales	4.32m	4.3m
Pre-tax profit	518	159,242
Tax	4,085	30,197
Attributable profit	–	–
Earnings per share	0.1p*	0.4p
Dividend	2.52p	2.52p

* *Loss*

■ HARVEY AND THOMPSON
Pawnbrokers

Half-Year to Jan 1	1982	1981
	£	£
Sales	472,435	481,872
Pre-tax profit	31,687	101,061*
Tax	1,100	–
Attributable profit	49,037	33,168
Earnings per share	0.97p	3.21*
Dividend	–	–

* *Loss*

■ HAMPSON INDUSTRIES
Engineering and industrial cleaning

Half-year to Sept 31	1982	1981
	£	£
Sales	6.81m	7.02m
Pre-tax profit	196,000	169,000
Tax	101,920	87,880
Attributable profit	94,080	87,120
Earnings per share	0.44p	0.38p
Dividend	0.25p	0.25p

■ HEELAMAT HOLDINGS
Operation of shoe repair and dry cleaning shops

Half-year to Oct 30	1982	1981
	£	£
Sales	2.41m	2.17m
Pre-tax profit	75,000	161,000
Tax	39,000	75,000
Attributable profit	–	–
Earnings per share	1.2p	2.8p
Dividend	2p	2p

■ INTEREUROPE TECHNOLOGY SERVICES
Provision of technical documentation

Half-year to Dec 31	1982	1981
	£	£
Sales	3.04m	2.56m
Pre-tax profit	393,000	307,000
Tax	185,000	148,000
Attributable profit	131,000	161,000
Earnings per share	4.18p	3.22p
Dividend	1.4p	–

■ INVESTMENT TRUST OF GUERNSEY
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	680,000	615,000
Tax	–	–
Dividend	5.8p	5p
NAV per share	115.3p	113p

■ LANCASHIRE AND LONDON
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	184,518	191,498
Tax	63,899	69,430
Dividend	2.875p	2.875p
NAV per share	116.9p	95.4p

■ LONDON AND LOMOND
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	1.37m	1.18m
Tax	464,838	387,969
Dividend	4.2p	4p
NAV per share	175p	140p

■ SCOTTISH AND MERCANTILE
Investment Trust

Half-year to Sept 30	1982	1981
	£	£
Pre-tax revenue	238,615	269,085
Tax	91,842	110,128
Dividend	2p	2.5p
NAV per share	281.7p	228p

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1982							
1st qtr.	100.7	89.3	92	106.5	141.2	2,679	112
2nd qtr.	101.1	88.9	89	106.8	145.1	2,743	107
3rd qtr.	101.6	88.1	84	108.9	150.7	2,837	111
4th qtr.	100.9	86.9		110.7	184.5	2,913	115
March	101.7	89.8	89	106.6	142.0	2,688	111
April	101.3	89.1	97	106.3	145.9	2,715	110
May	101.6	89.5	94	106.9	145.2	2,740	107
June	100.3	88.1	76	107.2	144.6	2,773	105
July	101.4	88.1	82	108.0	151.9	2,814	111
August	101.5	88.1	82	109.4	150.6	2,832	114
September	101.9	88.2	86	109.3	149.9	2,866	107
October	101.4	87.4	87	109.3	158.6	2,885	114
November	100.0	86.4		110.0	171.5	2,906	114
December	101.5	86.8		112.2	215.5	2,949	118
1983							
January				110.0		2,984	122

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1982							
1st qtr.	92.4	90.8	121.1	86.3	80.8	74.0	14.7
2nd qtr.	91.9	91.7	122.0	86.6	77.5	72.5	17.5
3rd qtr.	91.7	90.3	122.6	85.7	72.0	71.5	17.2
4th qtr.							15.1
March	93.0	92.0	122.0	87.0	79.0	73.0	17.5
April	92.0	92.0	123.0	86.0	81.0	74.0	17.1
May	93.0	92.0	123.0	87.0	79.0	74.0	17.7
June	91.0	92.0	121.0	87.0	73.0	70.0	17.6
July	91.0	90.0	123.0	86.0	72.0	71.0	16.7
August	91.0	90.0	122.0	86.0	71.0	70.0	15.9
September	92.0	90.0	123.0	86.0	73.0	74.0	19.1
October	93.0	88.0	123.0	85.0	71.0	73.0	15.5
November	91.0	88.0	121.0	84.0	68.0	70.0	17.3
December							12.5

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1982							
1st qtr.	125.0	122.5	+323	+733	+707	101.5	18.97
2nd qtr.	130.4	129.1	+125	+887	+891	101.7	17.70
3rd qtr.	124.3	125.1	+401	+1,005	+1,264	100.9	18.30
4th qtr.	131.6	123.5	+1,321	+2,011	+1,690	99.0	16.85
April	133.4	128.5	+224	+479	+418	101.8	18.16
May	131.7	134.0	−115	+145	+311	101.4	17.82
June	126.1	124.8	+ 9	+263	+162	101.9	17.70
July	125.4	123.6	+178	+379	+410	101.2	17.94
August	117.2	123.9	− 34	+168	+479	101.5	18.11
September	130.2	127.8	+257	+458	+375	100.0	18.30
October	127.4	124.9	+259	+489	+496	98.7	18.50
November	133.1	125.0	+470	+700	+506	98.4	18.00
December	134.3	120.7	+592	+822	+688	99.9	17.00
1983							
January							16.85

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1982							
1st qtr.				+3,194	967	2,157	
2nd qtr.	2.1	8.2	26.2	+4,535	1,344	2,188	
3rd qtr.	15.2	12.6	28.3	+4,842	1,796	2,399	
4th qtr.	19.0	13.3	26.9	+5,015	2,139		
April	− 3.3	4.8	26.1	+1,648	437	728	
May	− 0.5	9.5	26.8	+1,684	478	710	
June	10.7	10.2	25.8	+1,240	429	750	
July	14.2	11.3	29.4	+1,369	691	698	
August	17.5	12.3	26.6	+2,034	437	858	
September	14.2	14.0	28.8	+1,439	688	845	
October	24.0	18.2	32.4	+2,870	886	802	
November	17.4	12.2	25.4	+1,158	763	862	
December	15.9	9.8	23.2	+ 987	490		
1983							
January					391		

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1982							
1st qtr.	216.6	238.2	234.3	311.6	297.7	242.40	91.1
2nd qtr.	222.7	240.0	238.2	321.5	304.1	233.46	90.3
3rd qtr.	227.8	244.9	242.0	323.0	297.0	228.88	91.4
4th qtr.	231.4	250.8	246.8	325.4	298.5	238.84	89.2
April	219.6	239.2	237.0	319.7	302.6	246.84	90.0
May	222.5	237.7	238.3	322.0	305.6	237.39	89.9
June	226.0	243.2	239.2	322.9	304.1	233.46	91.1
July	230.3	245.0	241.0	323.0	299.5	229.51	91.2
August	226.9	244.1	241.7	323.1	295.5	229.80	91.4
September	226.2	245.6	243.2	322.9	295.9	228.56	91.7
October	228.0	246.1	245.1	324.5	296.5	227.18	92.5
November	232.0	252.6	246.5	326.1	298.8	228.03	89.5
December	234.2	255.7	248.9	325.5	300.1	238.84	85.6
1983							
January		260.7	250.1	325.9	301.8	255.45	81.9

* Not seasonally adjusted.

BUSINESS LAW

Pitfalls of the Arbitration Act

BY A. H. HERMANN, LEGAL CORRESPONDENT

SIR JOHN DONALDSON, the Master of the Rolls and in this capacity head of the civil branch of the Court of Appeal, would never call a decision of the House of Lords wrong, particularly when it reversed a judgment he delivered as trial judge in the Commercial Court; and certainly not in public.

But he says he prays for the creation of an arbitration rules committee which would have the power to overrule the Law Lords. He would like it to use this power in the matter of the "sleeping dogs" where their Lordships gave an elixir of life to many arbitrations long dead, by holding that respondents, who did not apply to an arbitrator for orders to require a dilatory claimant to proceed with his claim, had no remedy when the delays made a fair *trial impossible.*

Sir John admits that the two judgments, in *Bremer Vulkan** and *The Hannah Blumenthal*† are most unpopular with arbitrators and the legal profession. To which I would add respectfully that they are also a great nuisance to business.

(By the way, speaking of Law Lords, albeit irreverently, I was utterly wrong when I said on December 23 that Lord Diplock and Lord Wilberforce had retired. Readers of this column will be glad to note, as I am, that they did not.)

Sir John, who is also the president of the Chartered Institute of *Arbitrators*, and as a former commercial judge suffered much because arbitration law lagged behind the needs of *business*, opened his heart last week when he gave a public lecture at London University. He recalled that when the 1979 Arbitration Act was in the making, he proposed, through the Commercial Court Committee, that the Act should establish an arbitration rules committee "to relieve Parliament of the need to consider detailed amendments to the Act now and in the future."

Though there is a precedent for such delegation of legislative powers in the Hallmarking Act 1973, the proposal was rejected as unconstitutional. Perhaps the idea could now be sold under the style "self-regulation for arbitration." In any case, Sir John has a long list of much needed amendments, some of them already in operation in Hong Kong where a new enactment of arbitration law took into account the UK experience with the somewhat less than perfect 1979 Act.

*

The new Hong Kong law explicitly enables the court to terminate arbitration proceedings if there has been intentional, inordinate or inexcusable delay by the claimant, and if it results in a substantial risk that a fair trial will no longer be possible.

Another weakness of the 1979 Act, which was avoided in Hong Kong, concerns the embarrassing fact that a UK arbitral tribunal may not always be able to arrive at a majority decision. It did not occur to those who drafted the Act that by replacing two arbitrators and an umpire by three arbitrators, a tribunal might be created which not only might divide differently on different issues, but might even be unable to reach any majority on issues which allowed more than two solutions. The rules of the London Court of Arbitration provide that if there is no majority, the chairman alone decides, and this, in Sir John's view, could well serve as the basis of a statutory amendment.

A difficulty which crops up occasionally in the Commercial Court, but which must be a major source of delays and costs in hundreds of disputes which never reach the courts, is the lack of provisions for the consolidation of arbitral proceedings which have certain elements in common. Here again, the Hong Kong court can order consolidation of proceedings on such terms as it thinks just. It can also order them to be heard at the same time, or one after the other, or that one should be stayed until the other is determined.

A Hong Kong judge can use these powers whenever he thinks that the arbitral proceedings have a common question of fact or law; when rights to relief arise from the same transaction; or "when it appears to the court to be desirable to do so for another reason." And when the parties to the consolidated proceedings cannot agree on the arbitrator or the umpire, the court has the power to appoint them.

The main purpose of the 1979 Arbitration Act was to prevent the abuse of the judical *review* by reluctant debtors. An increasing number of parties was avoiding arbitration of international disputes in London because recourse to the courts was so easy. The intention of Parliament was to make arbitral awards more final and appeals to courts more difficult, and to allow parties to contract out of judicial review altogether.

However, neither the judges of the Commercial Court nor the influential section of the legal profession specialising in arbitration were particularly fond of a measure which seemed likely to reduce the amount of profitable litigation. And so the 1979 Act was born with several congenital malformations.

The greatest of these is that the arbitral agreement may, in principle exclude judicial review for international arbitration, but not for disputes concerning shipping, insurance and commodity trade—that is almost all international arbitra*tion taking place in London.*

The 1979 Act also provides for extending the possibility of opting out of judicial review to these three branches of London arbitration. The original intention was that the situation should be reviewed at the end of two or three years. This time has now elapsed but Sir John said that five to 10 years would be a more appropriate period for reconsideration of the matter.

Those commercial court judges who were overheard on this subject clearly wish to keep things as they are. This is a great pity. Not only does the appeal take lots of time and money, but already the possibility of an appeal transforms arbitration proceedings into a rehearsal for High Court litigation. As a result London arbitration is slow and extremely expensive, particularly when parties employ barristers. There is a danger that professional lawyers, including the Commercial Court, will price themselves out of the market, at a great loss to them, to business and to the development of English commercial law.

*

One can draw from this the conclusion that if we do need a law-making arbitration rules committee, arbitrators and businessmen should form a majority of its members, and not judges and representatives of the legal profession. These should be protected from doing themselves immense harm by their immoderate addiction to work and their propensity to make work last longer than time and money allow.

However, the need for an *arbitration rules committee* which would do the job neglected by Parliament is only part of a wider problem: there is something wrong with the allocation of parliamentary time. Perhaps that is because there is no ministry of justice with a strong legislative department which would have the means and muscle to do what the Law Commission valiantly tries to do without much backing and on an inadequate budget; perhaps it is because political parties are interested only in politically controversial issues. Whatever it is, there is no time for legislation on which all agree.

* *(1981) AC 909.* † *(1983) 1 All ER 34.*

Film company arrives on Unlisted Securities Market

BY CLIVE WOLMAN

A FILM and video production company, Television Services International, is coming to the Unlisted Securities Market by way of a placing of 6m shares at 10p per share.

Stockbrokers to the issue are Statham, Duff, Stoop, and dealings are due to commence next Monday. Following the placing, about 32 per cent of the enlarged capital of the company will be in public hands. Its market capitalisation is £2.2m.

The placing price of 10p values the company at about 15 times its forecast 1983 pre-tax profits of £300,000 subject to a notional tax charge of 52 per cent. The net dividend forecast for this year is 0.1p per share which produces a gross yield of 1.43 per cent.

The six operating subsidiaries of TSI produce documentary films, send film crews to newsworthy locations and events such as Afghanistan, the Gulf War, the Iranian Embassy seige and Tito's funeral. They provide the transfer of facilities for video shooting, editing and sound mixing.

TSI provides production studies in central London for the BBC and independent television and produces a wide variety of promotional films for companies.

TSI began life as Platypus Films in 1971, which concentrated exclusively on film production, especially of commercials. But its record of steady profits growth was interrupted by the long independent television strike in 1979 and a heavy capital expenditure programme aimed at diversification.

Pre-tax profits fell from £52,000 to £3,000 on a turnover of £543,000. But in the subsequent recovery, they rose to £35,000 in 1980, £27,000 in 1981 and £119,000 last year

Go-ahead for office plan at Heathrow

A £200M SCHEME at London's Heathrow airport for a massive commercial property park housing high technology users was given the go-ahead yesterday by the Environment Department.

Trust Securities, the developers, said the scheme now needs only formal consent from Hillingdon Borough Council, its partner in the project, and the Greater London Council (GLC), which approved the development last July.

Trust Securities' chairman and chief executive, Mr Peter Jones, said the developers expect to be on site within nine months but completion of the project is six to eight years away.

The timescale reflects the project's size, encompassing some 325 acres, of which 75 acres will be set aside for roughly 500,000 sq ft of offices and the same total of industrial and warehouse space, making 1.55m sq ft in total.

The rest of the space will provide a district park and will incorporate a golf course, an equestrian centre and other leisure facilities, which will be owned by the local authority – an enabling development, or "planning gain," given by the developer in exchange for the commercial side of the bargain.

Mr Jones said yesterday: "This application represents the largest commercial development of its type ever proposed in the GLC area, and is particularly important when one considers that the major part of the land will be made available for public open space and leisure activity.

Mr Jones emphasised that the prime location of the project, immediately north of Junction 4 on the M4, would enable him to be choosy about potential tenants. "We already have had serious enquiries – named tenants – for three times the space which we are proposing to build," he said.

Albright and Wilson plans £5m investment

BY RAY DAFTER

ALBRIGHT and Wilson is to invest almost £5m on improvements and expansion at two of its chemical plants in the North of England.

A new £3.7m phosphoric acid purification plant is to be built at the Marchon works in Whitehaven, Cumbria. The plant, due on stream by the second quarter of 1985, will increase Albright's capacity for phosphoric acid used in industrial processes.

More than £1m will also be spent on two phosphate plants at Ann Street, Widnes, Cheshire. These plants will yield trisodium phosphate, used in the manufacture of a wide range of domestic and industrial cleaners, and polyphosphate solutions used in detergent and water treatment applications.

Albright and Wilson said it was unlikely that the investment would create new jobs. Mr George James, managing director of the company's phosphates division, said the Whitehaven investment would improve efficiency and productivity, while the Widnes facilities would boost the company's competitiveness, particularly in the export market.

The company would not disclose the project capacity of the plants.

Peter Pan directors plan buy-out

By Our Financial Staff

THE DIRECTORS of Peter Pan Playthings are bidding to take over their toy factory at Peterborough in Cambridgeshire.

The future of the plant is in doubt because of financial difficulties by the parent group, Berwick Timpo, which has called in a receiver following major losses in the second half of 1982. It is hoped that the business will be sold as a going concern.

Mr Peter Craig, aged 44, who has been in the toy business for 16 years and has been managing director since 1977, revealed yesterday that he and three fellow directors were hoping to make a successful bid.

"We are now getting together a financial package to secure the future of the company and if successful, we would hope to continue production and retain the workforce," he said.

The factory currently employs 100 people, rising to 250 during the summer to cope with seasonal trade.

Peter Pan Playthings markets 70 brand products including the strategy board game Othello, which has prompted the formation of the 7,000-member British Othello Federation

MAGNET & SOUTHERNS SAYS IT DOES NOT NEED CASH FOR NOW

Rights issue aims to raise £28m

BY DOMINIC LAWSON

MAGNET & SOUTHERNS, the joinery and timber merchanting group, has launched a rights issue to raise almost £28m. The board yesterday announced a 1 for 8 rights issue of 19,883,008 ordinary shares of 25p each at 140p per share, to produce £27m, net of expenses.

Mr Sam Oxford, the chairman of Magnet & Southerns, said yesterday: "We don't need the money for now. We are looking ahead four or five years, when turnover will expand appreciably."

Mr Oxford said that currently the group was in a net cash position, but that it did have borrowings of almost £4m, which the proceeds of the rights issue would repay. Mr Oxford said that the balance would be held in readiness for use in expansion plans.

On acquisitions, Mr Oxford said: "We are not looking seriously at any company at the moment. We generally prefer to grow organically rather than by acquisition."

Mr Andrew Melrose of joint stockbrokers to the issue, Grieveson Grant said: "Hitherto, Magnet & Southerns have financed their expansion out of cash flow, but the philosophy of the company seems to be that it is better to raise money when you don't need it."

In giving its reasons for issue, the company cites its recent capital expenditure, which over the past four years totalled about £35m spent on factories, branch improvements and branch openings, and also on new plant and equipment. M&S said it was strongly committed to growth through internal development.

The directors of Magnet forecast that, in the absence of unforeseen circumstances, profit before tax for the year to March 31 1983 will be not less than £24m. Just over a month age, the company announced interim profits of about £12m, and analysts are currently predicting that the company will make about £25m for the year

It is the intention of Magnet to recommend a final net dividend for the year to March of 2.1 p per share, making a total of 3.8 p net per existing ordinary share. After adjustment for last year's scrip issue this will represent an increase of 14 per cent over the previous year.

Current group plans include expansion of its Darlington factory to provide increased production capacity for kitchen units, a new plant for glass tempering and the relocation of a main timber yard with provision for assembling timber frame component and roof trusses. The group also plans to open at least 15 new branches, which will provide some 210 000 square feet of extra selling space. The company anticipates no difficulty in financing those plans from its current resources, but it foresees similar new ventures in the longer term, and increasing capital funding requirements to meet existing activities over the next few years. Magnet considers it essential that adequate resources are available to allow it to maintain flexibility and to take full advantage of the growth opportunities to come.

An extraordinary general meeting will be held on March 7 at which a resolution will be proposed to increase the authorised share capital, and thus provide the directors with the authority to allot the unissued share capital.

It is intended that the renounceable provisional allotment letters will be posted on March 7. It is expected that dealings in the new ordinary shares, nil paid, will begin on March 8. The latest time for acceptance and payment will be 3pm on March 28.

A circular containing full details of the rights issue will be sent to shareholders today.

The rights issue has been underwritten by Charterhouse Japhet. Joint brokers to the issue are Grieveson Grant, and Fielding, Newson - Smith.

Expanding Valor heads for share record

BY OUR FINANCIAL STAFF

BRITAIN'S only independent gas appliance manufacturer, Valor, is to raise £2.7m with a one-for-four rights issue. It has forecast pre-tax profits for the current year of at least £2.5m (£2.1m).

The new shares will cost 81p. Yesterday, Valor shares rose 3p to close at 109p – close to an all-time high.

The company has spent more than £10m on capital investment in five years, and the directors believe "it is now desirable to raise additional equity to enlarge the permanent capital base of the company."

Company secretary Mr Sidney Hammond said: "The money will go into all parts of the business – a bit for the U.S. venture, a continuing programme of capital expenditure on gas appliances – and we will spend some money, about £400,000, in the spring, when drilling for oil and gas starts in the English Channel."

Valor also announced an agreement with AMCA International of Canada for supplying gas heaters to the U.S. In the next five years this is expected to produce sales of more than £10m.

The board expects to recommend a final dividend of 2.566p net per share on the increased share capital, representing an 18 per cent increase.

Under the terms of the issue, shareholders will be entitled to one new ordinary 25p share for every four ordinary 25p shares, or for £3.7036 nominal of convertible preference shares. Dealings begin on March 7.

The latest date for payment and acceptance is March 28. The underwriters are Hill Samuel and the brokers Fielding, Newson-Smith.

Tandata Holdings, the viewdata hardware company, has raised £2m through a private placing arranged by brokers Hoare Govett. This concludes Tandata's purchase from Clyde Petroleum of its subsidiary Tandata Marketing, as part of Clyde's policy of concentrating on its oil and gas activities.

Mr Roy Pendleton, Tandata Holdings' managing director, said: "The new money will allow us to develop new products and provide us with the working capital to meet the expansion in the viewdata markets."

U.S. property investment company **International Income Property**, currently dealt with on the U.S. over-the-counter market, intends to sell 2m of its ordinary shares in an underwritten offer in the UK in the second quarter of 1983. This offer will be followed by the listing of the company's ordinary shares on the London Stock Exchange.

The first rights issue of 1983 has been slightly under-subscribed. The **LCP Holdings** rights issue of 12.6m new shares at 46p each has drawn acceptances amounting to 93.6 per cent of the shares offered. The 808,488 shares not taken up have been sold at a net premium of about 12.2p per new ordinary share over the issue price.

The net premiums will be distributed proportionately among entitled shareholders. However, individual amounts of less than £1 will be retained by the company.

Dealings in the new ordinary shares fully paid continue in renounceable form and the last date for registration of renunciation is March 11.

United Trust Credit has raised £450,000 through a private placing of ordinary shares and share warrants. The company was set up last year by chartered accountants Richard Owen and Geoffrey Simmonds, former directors of Bremar Trust.

Henderson buys U.S. security equipment-makers in cash deal

BY DAVID DODWELL

THE ROMFORD-based P.C. Henderson group, best known for making industrial and residential automatic doors, has bought the Continental Instruments Corporation of New York for a sum which may total $5.7m.

After last week's payment of $1.4m on completion, Henderson will pay a further $2.4m in annual tranches during the next four years. Up to $400,000 a year will be paid if agreed pre-tax profits targets are reached between now and 1987.

Henderson has agreed to pay an additional $275,000 for Continental's head office and manufacturing plant on Long Island, at the same time taking on mortgage commitments of $240,000.

Payment for the whole deal will be in cash, based on borrowings in the U.S. Mr Norman Parker, Henderson's managing director, predicted yesterday that borrowings in the U.S. would at no point pass $3.5m.

Privately-owned Continental Instruments manufacturers commercial and industrial security equipment, in particular card-access systems involving computerised monitoring of access to premises.

The purchase, following 16 months of talks, gives Henderson its first U.S. subsidiary. Another subsidiary, Henderson Access Control Systems, was established at Gatwick less than two months ago "with this deal in mind."

Henderson expects in future to be a substantial user of equipment being produced by Continental, as its automatic doors often form part of a larger security package.

Continental was understood to be attracted to the deal because of the scope for using Henderson's worldwide sales network to boost sales outside the U.S.

Exports account for just 5 per cent of Continental's sales, which in the year to December 31 1982 amounted to $2.8m.

The deal has been strongly influenced by Continental's prospects for strong growth, with a $400,000-a-year sum for the next four years being conditional on Continental reaching agreed profit targets.

From pre-tax figure of $950,000 last year, Continental must increase profits progressively to reach a level of $2.35m in 1987 if the full $1.6m is to be paid.

Continental's present directors, Mr Stanley Wand and Mr Michael Morgenstern, will continue to manage the company, working on service contracts for an initial four-year term. They will be joined on the board by Mr Parker, and two other Henderson directors.

Mr Wand took over the company in 1973. At present it has a approximate 3 per cent share of the U.S. market for card-access security systems. Sales are increasing at an annual rate of about 15 per cent.

Until now, Henderson's business with the U.S. has accounted for only a tiny part of its overseas earnings. With main overseas markets in South Africa, New Zealand and Norway, overseas subsidiaries accounted for 23 per cent of earnings in the year ending last February.

APPOINTMENTS

Finance director for Air Europe

Mr Tony Denham is to join AIR EUROPE as finance director on March 1. He is at present a senior manager in the group treasury department of Midland Bank in the City.

★

Following restructuring at TRADITION (LONDON BROKERS), **Mr David G. Lowden** will give up the managing directorship while remaining a director, to concentrate on areas of new activity. From March 1, **Mr Philip J. F. Prior** will become managing director and chairman of the management committee of the company. Composition of the board remains unchanged with **Mr Andre Levy** as chairman.

★

Mr Ian Rufus, currently programme controller at Mercia Sound in Coventry, has been appointed managing director of HUMBER BRIDGE RADIO, a local consortium offered the Humberside contract by the Independent Broadcasting Authority in December.

★

Mr Brian M. Williams has been appointed sales and marketing director of IMI BAILEY BIRKETT, valve-making subsidiary of IMI. He succeeds **Mr J. A. Ferguson-Davie**, who has taken up a senior appointment with another IMI company overseas. For the past year Mr Williams has been director of representatives operations for Europe, the Middle East and Africa for Fisher Controls.

★

Mr A. K. Kwatra has been appointed financial director and secretary of DOWTY MECO at Worcester. He was financial controller and company secretary.

A new director has been appointed to take charge of Winfrith Atomic Energy Research Establishment, Dorset. He is **Mr Graeme Low**, director of environmental research at Harwell, a similar establishment in Oxfordshire. Mr Low succeeds **Mr Harry Cartwright**, who has been in charge of Winfrith for the past 10 years and who retires in April.

★

Following his retirement in January from the chairmanship of TANKS CONSOLIDATED INVESTMENTS **Viscount Hood** also retired from the chairmanship of ELBAR INDUSTRIAL on February 14, but remains a director of both companies. **Mr R. P. L. McMurtrie** has been appointed a director of Elbar Industrial and has been elected chairman in succession to Lord Hood.

★

Mr Alastair D. Lyons has been appointed group financial controller of H. P. BULMER HOLDINGS where he was previously group finance manager.

★

Mr Robert Frost has been appointed sole managing director of E. HANNIBAL AND CO., a member of the BPCC packaging and labelling division. He was formerly joint managing director with **Mr Chris Hetherington** who is appointed deputy chairman.

★

Banco do Commercio e Industria de Sao Paulo (COMIND) has appointed **Mr James M. Botts** as executive director with overall responsibility for international activities in Brazil. Replacing Mr Botts will be **Mr Geoffrey de Vogüé**, who was previously managing director of Banque Industrielle et Mobilière Privée and will become both regional head of Europe for COMIND and general manager of its French affiliate, Credit Français International. COMIND has also appointed **Mr José Gustavo de Souza Costa** as senior representative and trade finance manager of its London representative office. Mr Costa was a director of international banking at COMIND's head office in Brazil for three years, where he will be replaced by **Mr Adam Eleod**, formerly manager of the bank's representative office in Buenos Aires.

★

Mr Ray Walker has been appointed chief executive of the Simplification of International Trade Procedures Board (SITPRO), from April 1. He is a director of Carrington Viyella Home Furnishings (Dorma) with responsibility for exports. He has been a SITPRO board member since 1976 and chairman of its education and training policy group since 1977. SITPRO is an activity of the British Overseas Trade Board.

★

CHANDLER GRAHAM has appointed **Mr S. G. Parker** as managing director and **Mr I. R. Wylie** a director. **Mr E. B. Pope** is resigning from the board but will continue in a consultative capacity.

★

Mr Frederick B. Rossiter, vice president of E. F. Hutton and Co. Inc., has been appointed a director of E.F. HUTTON AND CO., (SECURITIES). He continues to be responsible for the institutional department in London.

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
112	F.P.	—	138	129	Assoc. British Ports...	138	......	67.0	1.5	7.3	13.1
§108	F.P.	13/1	238	140	✱Baltic Leasing 5p...	236	−3	b2.8	3.5	1.7	19.6
‖ ‖	F.P.	—	17½	12	✱Booth (Charles) 5p.	17	−½	—	—	—	—
§100	F.P.	22/4	105	100	Br. Kidney Pat. As. ...	105	......	—	—	—	—
§74	F.P.	21/1	158	103	✱Canvermoor...	127	−1	b3.64	2.0	4.1	14.4
§130	F.P	14/1	215	155	✱Memory Comp Ir 10p	210	......	bQ28.6%	5.6	1.1	22.9
§190	F.P.	4/3	388	305	✱Microgen...	305	−20	b4.0	2.9	21.9	25.2
§155	F.P.	7/1	255	200	✱Munford & White...	223	−4	b2.6	2.4	1.7	55.3
§93	F.P.	4/2	196	145	✱Resource Tech. 10p	163	−5	—	—	—	51.3
‖ ‖	F.P.	—	110	97	✱Sinclair (Wm.)...	97	−3	‡4.25	1.0	6.3	21.5
‖ ‖	F.P.	—	105	87	Do. Defd...	87	−5	—	—	—	—
120	F.P.	—	125	100	✱Swindon Priv Hos £1	105	+2	—	—	—	—
§10½	F.P.	—	78	16	✱Tops Estates 10p ...	60	−6	—	—	—	—
§150	F.P.	18/2	340	265	✱WightCollinsR-S10p	305	−1	bd2.75	3.3	1.5	33.8
—	F.P.	3/3	25	21	Yorks & Lancs. W'rrnts	21	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
¶¶	F.P.	—	97	88	Anglo-Nordic 10% Cnv. Uns. Ln. 1989	97	......
97.504	£25	4/3	29⅛	15¾	BOC 12¼% Uns. Ln. 2012-17	20¼	−½
99.431	£20	10/4	21⅞	12	Birmingham 11½% Red. 2012	14⅝	−⅛
¶	£10	24/3	11¼	11	East Surrey Water 7% Red. Pref. 1988	11	......
¶¶	F.P.	—	130	86	European Inv. Bk. 11% Ln. 2002	90⅝	−⅝
¶	£10	—	10	10	Mid Sussex Water 7% Red. Pref. '88-90	10½	+½
—	—	—	100¼	99	Nationwide Bdg. Soc. 11⅞% Bds. 23/1/84	100¼	+⅛
—	—	—	100⅜	100	Do. 11⅞% Bds. 15/2/84	100⅜	+¼
§97.174	£25	6/5	25½	22	Pearson (S) 15% Uns. Ln. 2007	25¼	−¼
96.55	£25	8/7	28	23⅛	Sweden 13½% Ln. Stk. 2010	27½	−½
¶¶	F.P.	18/3	93	85	Transcont. 9% Cnv.Ret.Uns.Ln.Nts.1993	92	......

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ▪	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
250	Nil	25/2	28/4	45pm	23pm	AGB Research 10p	40pm	−5
26	F.P.	28/1	18/2	370	94	Arlen Elec.	355	−5
3½	Nil	—	—	15pm	11pm	Audiotronic 2½p	11½pm	+½
90	F.P.	28/1	18/2	127	108	Bellway	126	......
50	F.P.	6/2	9/3	55	45	Cluff Oil "B"	50	......
75	Nil	—	—	17pm	12½pm	Dominion Int. 20p.	15pm	......
90	Nil	21/2	7/4	54pm	40pm	Grosvenor Group	44pm	......
60	F.P.	14/1	11/2	79	65	ICL	78	......
46	F.P.	14/2	11/3	60	51	LCP	59	−1
27	Nil	21/7	7/4	6¼pm	5pm	Mount Charlotte 10p.	6½pm	+½
93	F.P.	7/2	21/3	122	106	NSS News 10p	118	−2
60cts	Nil	—	—	2½pm	1pm	Rand Lon. Corp. 15cts	1pm	−1
58	F.P.	3/2	29/4	69	61	Stakis 10p	69	......
400	Nil	—	—	87pm	80pm	Ultramar	85pm	−5

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ⊓ Issued to former preference holders. ▪ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

Public Works Loan Board rates

Effective February 16

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 3	10¾	10⅞	11	11⅞	12	12
Over 3, up to 4	10¾	10⅞	11¼	11⅞	12	12
Over 4, up to 5	10⅞	11	11⅜	11⅞	12	12
Over 5, up to 6	11	11⅛	11½	11⅞	11⅞	12⅛
Over 6, up to 7	11⅛	11⅛	11½	11⅞	11⅞	12⅛
Over 7, up to 8	11⅛	11¼	11¼	11⅞	11⅞	12⅛
Over 8, up to 9	11¼	11⅜	11⅝	11⅞	11⅞	12⅛
Over 9, up to 10	11¼	11⅜	11⅝	11⅞	11⅞	12⅛
Over 10, up to 15	11⅜	11½	11⅝	12⅛	12⅛	12⅛
Over 15, up to 25	11⅜	11⅜	11½	12⅛	12⅛	12
Over 25	11¼	11¼	11⅜	12	12	11⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
D FL P	F.260	1	2	—	—	1	12	F.264.40
D FL P	F.265	6	4 B	1	10.50	—	—	"
		Feb.		May		Aug.		
GOLD C	$350	—	—	1	169 B	—	—	$508.75
GOLD C	$375	3	137	—	—	—	—	"
GOLD C	$400	11	110	—	—	5	132 B	"
GOLD C	$425	9	82	4	98 B	—	—	"
GOLD C	$450	29	58	10	73 B	3	95 B	"
GOLD C	$475	91	33	5	58	3	74	"
GOLD C	$500	210	9	18	42	35	57	"
GOLD C	$550	7	0.50	146	20.10	14	35	"
GOLD P	$450	—	—	20	5.50	—	—	"
GOLD P	$475	-	-	23	13	—	—	"
GOLD P	$500	11	4	12	22	—	—	"
GOLD P	$550	—	—	43	53	—	—	"
12½ NL 81 87 91								
C	F.125	—	—	10	9.80	—	—	F.134.60
C	F.127.50	10	6.50	3	7.20	10	8	"
C	F.135	104	0.30	37	2.80	—	—	"
C	F.140	—	—	50	1.10	—	—	"
10¼ NL 80 86-95								
C	F.105	—	—	10	8.80	—	—	F.114.40
C	F.110	5	4	—	—	—	—	"
11¼ NL 82 88 92								
C	F.110	206	6.20	—	—	—	—	F.116.30
C	F.112.50	10	3.50	—	—	—	—	"
C	F.115	5	1.50	30	2.70	—	—	"
C	F.117.50	—	—	50	1.60	—	—	"
10 NL 82 86-89								
C	F.100	5	8.30	—	—	—	—	F.108.70
C	F.102.50	20	5.80	—	—	—	—	"
10 NL 82 11 86-89								
C	F.107.50	13	3.30	—	—	—	—	F.111.30
C	F.110	—	—	45	2.50	—	—	"
C	F.112.50	—	—	70	1.50	—	—	"
7¼ NL 82 89 93								
C	F.100	235	1.30	—	—	—	—	F.101.20
C	F.102.50	—	—	10	0.90	—	—	"
P	F.102.50	32	2	—	—	—	—	"
7½ NL 83 87-90								
C	F.100	—	—	205	1.10	—	—	F.100.20
P	F.100	—	—	900	1 A	—	—	"
		April		July		Oct.		
ABN C	F.320	82	8	—	—	—	—	F.314
ABN P	F.280	215	3.30	—	—	—	—	"
ABN P	F.300	202	6	—	—	—	—	"
AKZO C	F.35	80	10.60	—	—	—	—	F45.70
AKZO C	F.40	169	6	179	7	—	—	"
AKZO C	F.45	326	3.60	276	4.80	66	5.60	"
AKZO P	F.40	167	0.90	—	—	—	—	"
AKZO P	F.45	33	2.40	—	—	—	—	"
AMRO C	F.45	35	2.90 A	—	—	—	—	F.45.80
AMRO C	F.50	73	1.50	50	2.20	—	—	"
AMRO P	F.40	71	0.90	—	—	—	—	"
AMRO P	F.45	101	2.80	—	—	—	—	"
HEIN C	F.100	56	16	—	—	—	—	F.114.80
HEIN C	F.110	43	9	—	—	—	—	"
HEIN C	F.120	—	—	104	7	—	—	"
HOOG C	F.15	114	4.90 A	60	5.40	—	—	F.19.50
HOOG C	F.17.50	304	2.50 A	44	3.50 A	65	4.50	"
KLM C	F.150	76	14.80	—	—	—	—	F.158
KLM C	F.160	141	9.50	—	—	—	—	"
KLM P	F.110	145	1	—	—	—	—	"
KLM P	F.150	61	9	—	—	—	—	"
NEDL C	F.90	176	13.50	—	—	—	—	F.101.50
NEDL C	F.100	358	5.50	—	—	—	—	"
NEDL C	F.110	—	—	40	3.70	—	—	"
NEDL P	F.90	128	1.50	—	—	—	—	"
NEDL P	F.100	154	4.50	—	—	—	—	"
NATN C	F.130	132	7.50	26	9 B	—	—	F.136.80
PHIL C	F.25	49	11	10	11	—	—	F.36
PHIL C	F.27.50	88	8.50	59	8.50 B	4	8.50 B	"
PHIL C	F.30	388	6.20	301	6.50	26	7	"
PHIL C	F.32.50	114	4.30	221	4.50	43	5.40	"
PHIL C	F.35	1120	2.70	409	3.50	215	4.20	"
PHIL P	F.30	110	0.30	42	0.80	3	1.80	"
PHIL P	F.32.50	60	0.70	101	1.50	14	1.70	"
PHIL P	F.35	223	1.40	76	2.70	10	3.10 B	"
RD C	F.90	35	10.50	—	—	—	—	F.99.50
RD C	F.100	279	4.50	84	5.40	8	7	"
		Feb.		May		Aug.		
SIEM C	DM.260	—	—	22	16.50	150	19	DM.269.3

TOTAL VOLUME IN CONTRACTS 12,311

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS April	CALLS July	CALLS Oct.	PUTS April	PUTS July	PUTS Oct.
BP (USP) 320	260	66	—	—	3	—	—
" "	280	46	—	—	4	—	—
" "	300	28	36	44	12	16	22
" "	330	9	20	24	30	32	42
" "	360	4	9	—	54	58	—
CGF (USP 554)	420	137	142	—	2	3	—
" "	460	97	102	—	7	13	—
" "	500	67	75	90	17	27	32
" "	550	34	46	60	40	42	47
" "	600	16	28	40	75	77	80
CTD (USP 88)	70	20	23	25	1½	2½	3½
" "	80	10½	16	18	2½	4	6
" "	90	5	9	11	6	8	9
CUA (USP 133)	120	15	16	—	3	5	—
" "	130	8	12	18	9	10	11
" "	140	4	7	12	17	17	10
" "	160	2	4	5	34	36	37
GEC (USP 208)	180	36	40	50	2	5	8
" "	197	21	—	—	6	—	—
" "	200	—	36	37	—	12	20
" "	217	9	—	—	16	—	—
" "	220	—	14	25	—	22	27
" "	237	4	—	—	32	—	—
" "	240	—	9	—	—	38	—
GMH (USP 366)	240	127	—	—	1	—	—
" "	260	107	—	—	1	—	—
" "	280	87	91	—	1	3	—
" "	300	67	71	—	2	4	—
" "	330	39	46	52	6	8	12
" "	360	18	27	34	15	18	25
ICI (USP 392)	260	136	—	—	2	—	—
" "	280	116	—	—	2	—	—
" "	300	96	106	—	2	3	—
" "	330	66	76	—	4	5	—
" "	360	42	50	58	8	13	16
" "	390	22	34	44	22	28	32
" "	420	9	17	24	40	44	46
LS (USP 300)	240	63	—	—	2	—	—
" "	260	43	49	55	2	4	7
" "	280	25	30	36	5	9	13
" "	300	14	21	27	13	17	20
" "	330	5	10	16	29	33	36
M & S (USP 202)	160	47	—	—	1½	—	—
" "	180	28	33	38	3	6	7
" "	200	16	21	27	8	13	17
" "	220	6	12	17	20	24	27
" "	240	2½	6	—	40	42	—
SHL (USP 436)	360	80	—	—	—	—	—
" "	390	50	58	64	3	8	12
" "	420	28	38	44	16	20	22
" "	460	8	17	22	34	38	40

Option		CALLS Feb.	CALLS May	CALLS Aug.	PUTS Feb.	PUTS May	PUTS Aug.
BBL (USP 433)	350	—	—	—	¼	—	—
" "	360	75	80	88	¼	4	8
" "	383	—	—	—	½	—	—
" "	390	45	50	60	1	10	15
" "	420	16	28	38	1	33	33
" "	460	—	14	24	—	50	60
IMP (USP 125)	90	35	35	—	0½	1	—
" "	100	25	25	—	0½	1	—
" "	110	15	16	19	1	3	5
" "	120	5	10	14	1	7	10
" "	130	0½	5	8½	7	15	17
LMO (USP 272)	260	17	40	50	2	14	23
" "	280	1½	27	37	10	26	32
" "	300	1½	16	20	30	37	45
" "	330	1	8	15	60	65	70
" "	360	1	3	—	90	90	—
" "	390	1	2	—	120	120	—
LNR (USP 91)	60	31½	—	—	0¾	—	—
" "	70	21½	—	—	1	—	—
" "	80	11½	12	14	1	3	4
" "	90	1	5½	8½	0½	8	10
" "	100	0½	2½	4½	10	15	17
P & O (USP 125)	100	26	29	30	1	2	4
" "	110	16	21	22	1	4	6
" "	120	6	13	15	2	7	11
" "	130	1	6	10	7	11	19
" "	140	1	4	—	17	19	—
" "	160	0½	1	—	37	37	—
RCL (USP 472)	390	84	—	—	1	—	—
" "	420	54	—	—	2	—	—
" "	460	15	42	55	2	20	27
" "	500	1	23	35	34	40	44
" "	550	2	11	20	84	65	65
" "	600	2	3	10	134	138	135
" "	650	1	2	—	184	185	—
RTZ (USP 532)	330	205	—	—	—	—	—
" "	360	175	—	—	1	—	—
" "	390	145	150	—	1	1	2
" "	420	115	120	120	1	2	5
" "	460	75	90	97	1	7	14
" "	500	35	57	72	2	18	27
" "	550	1	30	45	22	38	52
VRF (USP$132)	50	81	—	—	0½	1	—
" "	55	76	—	—	0½	1	—
" "	60	71	71	—	0½	1	—
" "	70	61	61	—	0½	1	—
" "	80	51	51	51½	0½	0¾	—
" "	90	41	41	41½	0¾	1	2¼
" "	100	31	31	31½	0¾	1½	4
" "	110	21	21½	25	0¼	2½	7
" "	120	11	15	19½	1	6½	10
" "	130	—	10½	15	—	11	14½

Feb. 16 Total Contracts 3,588 Calls 2,878 Puts 710

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man Fd		215 60		—
Managed Inv. Fd	147 51	155.28	..	—
Property Fd	145 15	152 79	..	—
Fixed Interest Fd.	132 45	139 43	..	—
Cash Fd	131.15	138 06	..	—
Income Fd	149.35	157.22	..	—
Extra Income Fd	140.91	148.33	..	—
Worldwide Growth Fd.	193 19	203.36	....	—
Balanced Fd	157 84	166 15	...	—
Smlr Co's & Recv Fd.	184.86	194.59	....	—
Int Technology Fd	223 97	235.76	..	—
Nth Amer. & Gen. Fd.	139.77	147.13	....	—
Energy Int Fd	89 87	94 60	..	—
Pacific Basin Fund	114.76	120 80	..	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	93.8	98 7	.	—
International	104.4	109.9	.	—
Property	104 0	109.5	.	—
Deposit	95.6	100 6	.	—
Fixed Interest	94 0	98 9	.	—
Managed	99.6	104 8	.	—
Equity Pens Cap	93 1	98.0	.	—
Intnl. Pens Cap	106.1	111.7	..	—
Property Pens Cap	106 2	111.8	.	—
Deposit Pens Cap	95.3	100 3	.	—
Fixed Int Pens Cap	93.5	98.4	.	—
Managed Pens Cap	100 4	105 7	.	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P Bar 51122

Equity Gth. Feb 1		85.2		—
Rtmt. Fed Feb 8.		224 8		—
Managed Pen Fund	163.5	172.1	+3.0	—
Property Pen Fund.	110.0	115.8	..	—
Index Lind Pen Fund	119.5	125.8		—
Managed	108.6	114 4	-0 4	—
Property	97.9	103.1		—
Gilt and Fixed Interest	97.4	102.6		—
Index-Linked	102.7	108.2	-0 7	—
Equity	111.2	117.1	-0 7	—
Cash	98.1	103.3	+0.2	—
Midland Bk. Unit Tst.	106.5	112.2	-0.4	—
Midland Bank, Intnl.	123.9.	130 5	+0.6	—

Cannon Assurance Ltd.

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G T Plan Bond Fund	120 7	127 1	+0.2	—
GT Pln High Yld Fnd	108 6	114 4		—
GT Plan Far East Fnd	97 0	102 2		—
GT Pln N Am Fund	151.5	159 5		—
GT Pln UK&G E. Fnd	125 0	131 6		—
GT Pln Wrldwde Fnd.	119 0	125 3		—
GT Pension Bnd Fnd	126 7	133 4	+0 3	—
GT Pen High Yld Fd	121 3	127 7		—
GT Pen Far East Fd	103 1	108 6		—
GT Pen N. Am Fd	190 9	201 0		—
GT Pen UK & G.E Fd	137.5	144 8	..	—
GT Pen Worldwide Fd	126 1	132 8		—

Assicurazioni GENERALI S.p.A.
117 Fenchurch St., EC3M 5DY 01-488 0733

Intl. Managed Bond	158 9	167 3	.	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		220 3		—
Portfolio Fd. Inst.		187 7		—
Portfolio Fd. Cap		213 5		—
Portfolio Man. Acc.	67.7	71.3	.	—
Portfolio Man. Init.	60.2	63 4	.	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		3 413	.	—
Landbank Secs		62.7	.	—
Landbank Scs Acc.	172 4	176.8	.	—
G. & S. Super Fd		£10 638	.	—

Guardian Royal Exchange
Royal Exchange, E C 3 01-283 7101
Guardian Assurance

Property Bonds	299.3	311 7		—

GRE Linked Assurance Limited

Managed Initial	187.5	197.4	+0.3	—
Do. Accum.	205.1	215.9	+0.4	—
Equity Initial	238.6	251 1	+0.3	—
Do Accum.	260.9	274.6	+0.3	—
Fixed Int Initial	178 6	188 0	+3.3	—
Do. Accum.	195.3	205.6	+3.4	—
International Initial	186 4	196.2	+5.0	—
Do Accum	203 9	214.6	+3.3	—
Property Initial	122 4	128 8	..	—
Do. Accum.	133 7	140 7	..	—
Deposit Initial	119.8	126.1	..	—

OFFSHORE AND OVERSEAS

Financial Futures Fd.	125 6	130 5	..	—
Wren Intl. Fnd *	50 958	0 997	.	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices c Yield based on offer price. d Estimated. g Today's opening price h Distribution free of UK taxes p Periodic premium insurance plans. s Single premium insurance x Offered price includes all expenses except agent's commission y Offered price includes all expenses if bought through managers. Z Previous day's price § Guernsey gross ø Suspended ♦ Yield before Jersey tax. † Ex-subdivision ‡‡ Only available to charitable bodies. [illegible] Yield column shows annualised rate of NAV increase.

INTERNATIONAL COMPANIES and FINANCE

Citicorp plans to raise $390m

BY OUR NEW YORK STAFF

CITICORP, the largest U.S. bank holding company in terms of assets, announced plans to raise about $390m *through a preferred stock* issue. Half the proceeds will be used to buy back existing common stock.

Details of the scheme were given in a registration document filed with the Securities and Exchange Commission on Tuesday. Under the proposed offering, which Citicorp said it expects shortly, the company will issue 4m shares of adjustable rate preferred stock with a liquidation value of $100 each.

Citicorp intends to use about half the proceeds to increase equity capital and the balance to purchase Citicorp common stock in the open market "in a programme starting in the next few days."

Citicorp had 127.2m common *shares outstanding at the end of* 1982. Like other major U.S. banks, Citicorp saw its share price tumble last year as investor-concerns about the impact of international liquidity problems mounted.

During 1982, the share price ranged from $40 to a low of $22 in the summer. However, Citicorp's share price, and those of most other U.S. banks, has subsequently staged at least a partial recovery.

Goldman, Sachs, First Boston Corporation, *Merrill Lynch White* Weld Capital Markets Group and Salomon Brothers will lead the preferred stock underwriting group.

The dividend for the new preferred stock will be set quarterly at *a rate below the highest* of the three month-Treasury bill rates, the 10-year constant maturity Treasury rate or the 20-year constant maturity Treasury rate.

● **AP-DJ writes from New York:** A *public offering of $100m of adjustable* rate cumulative preferred stock at $50 a share has been launched on behalf of the Bank of New York.

Proceeds of the issue will be used *for general corporate purposes* including investments in or extensions of credit.

NORTH AMERICAN QUARTERLY RESULTS

CBI INDUSTRIES

Fourth quarter	1982 $	1981 $
Revenue	500.4m	402.6m
Net profits	31.9m	32.5m
Net per share	1.84	1.83
Year		
Revenue	1.21bn	919.9m
Net profits	88.2m	84.2m
Net per share	5.06	4.73

CINCINNATI MILACRON

Fourth quarter	1982 $	1981 $
Revenue	140.7m	235m
Net profits	*†2.48m*	*16.23m*
Net per share	†0.11	0.72
Year		
Revenue	759.7m	934.4m
Net profits	12.24m	60.79m
Net per share	0.53	2.68

† Loss

CLUETT, PEABODY

Fourth quarter	1982 $	1981 $
Revenue	227.1m	226.1m
Net profits	5.99m	7.25m
Net per share	0.68	0.81
Year		
Revenue	867.4m	818.1m
Net profits	*23.68m*	*24.74m*
Net per share	2.72	2.63

CONSOLIDATED NATURAL GAS

Fourth quarter	1982 $	1981 $
Revenue	883.7m	810.6m
Net profits	*38.4m*	39m
Net per share	0.93	0.96
Year		
Revenue	3.21bn	2.73bn
Net profits	159.8m	151.9m
Net per share	3.90	3.72

HERSHEY FOODS

Fourth quarter	1982 $	1981 $
Revenue	417.9m	384.7m
Net profits	23.6m	21m
Net per share	1.51	1.42
Year		
Revenue	1.57bn	1.45bn
Net profits	94.2m	80.4m
Net per share	6.01	5.51

MELVILLE

Fourth quarter	1982 $	1981 $
Revenue	1.04bn	929m
Net profits	80.5m	69.9m
Net per share	3.09	2.70
Year		
Revenue	3.26bn	2.76bn
Net profits	142.1m	139.1m
Net per share	5.46	5.26

MESA PETROLEUM

Fourth quarter	1982 $	1981 $
Revenue	103.3m	99.4m
Net profits	27.7m	31.8m
Net per share	0.37	0.41
Year		
Revenue	407m	407.7m
Net profits	*129.9m*	*115m*
Net per share	1.72	1.54

NORTHWEST ENERGY

Fourth quarter	1982 $	1981 $
Revenue	599m	453m
Net profits	*29.1m*	*15.8m*
Net per share	1.64	1.03
Year		
Revenue	1.6bn	1.38bn
Net profits	31.8m	63.8m
Net per share	1.87	3.83

PACIFIC POWER & LIGHT

Fourth quarter	1982 $	1981 $
Revenue	388.7m	348.6m
Net profits	40m	44.6m
Net per share	0.75	0.88
Year		
Revenue	1.41bn	1.29bn
Net profits	157.1m	137.2m
Net per share	3.03	2.82

UPJOHN

Fourth quarter	1982 $	1981 $
Revenue	482.6m	456.2m
Net profits	24.6m	46.1m
Net per share	0.82	1.53
Year		
Revenue	1.83bn	1.9bn
Net profits	126m	181.8m
Net per share	4.18	6.04

VF CORPORATION

Fourth quarter	1982 $	1981 $
Revenue	235m	193.2m
Net profits	26.8m	9.98m
Net per share	1.84	0.62
Year		
Revenue	879.5m	716.3m
Net profits	*91.6m*	*52.2m*
Net per share	5.63	3.23

WM. WRIGLEY JR.

Fourth quarter	1982 $	1981 $
Revenue	135.2m	139.2m
Net profits	*6.71m*	*6.93m*
Net per share	0.86	0.88
Year		
Revenue	581.5m	607.8m
Net profits	35.8m	28.4m
Net per share	4.57	3.61

CEPME launches $200m FRN

By Peter Montagnon in London

CAISSE D'ÉQUIPEMENT des Petites et Moyennes Entreprises (CEPME), the French state credit agency for small business, yesterday launched a $200m floating-rate note in the Euromarkets accompanied by warrants to purchase fixed-rate paper.

The five-year issue, which bears a margin of ¼ per cent over the three-month London Interbank Offered Rate (Libor), follows closely on the example set last month by Électricité de France with a $300m floating-rate note in the same market.

It is accompanied by two series of warrants to buy into a 10-year $200m Eurobond with a fixed coupon of 10 per cent. One series, which can be exercised for up to a year allows holders to purchase the fixed-rate paper at a price of 97 per cent to give a yield of 10½ per cent. The other, which can be exercised for up to two years, allows for a purchase price of par, although this can be reduced at the borrower's option.

The issue is being led by Crédit Commercial de France together with Bank of America International and Dai-Ichi Kangyo International. A main feature is that the floating-*rate notes and the warrants are* being sold as a package to managers but separately to investors. The only direct link between them is that the floating-rate paper may be offered inpayment for the fixed-rate bonds.

This is a structure designed to offer maximum flexibility in marketing the paper while reducing the cost of the floating-rate note to the borrower. Because of the warrant element, CEPME has agreed to pay total fees of only 0.55 per cent, about one point less than normal on a floating-rate issue. Investors in the warrants are securing the right to buy fixed-rate paper at a yield of up to 10½ per cent and will make a profit if rates fall below that level.

CCF was quoting the floating-rate notes late yesterday at a discount of one point from their par-issue price. This is outside the total fees but does not matter, as managers should have someinbuilt profit from the warrants. These were quoted at 15 for the one-year series and 11 for the two-year series.

In the secondary market dollar Eurobonds yesterday recouped early losses to close firmer on the back of a rally in the New York bond *markets. The market took* encouragement from congressional testimony by Mr Paul Volcker, Federal Reserve Board chairman, but is still digesting a large amount of unplaced new paper.

Issues denominated in Ecus, the currency basket of the EEC, continue to attract attention, with the Province of Quebec raising Ecu 50m over six years with a coupon of 11½ per cent at par through Société Générale and the European Investment *Bank Ecu 50m over eight years at* 11¾ per cent through Banque Bruxelles Lambert.

● Amro Bank is arranging a Fl 100m placement for Philips Lamps of the Netherlands. The five-year paper bears a 7¼ per cent coupon at par.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for February 16.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 14¼ 89	75	110⅝	111⅛	+0⅛	+1⅛	11.95
Amro Bank 13 89	200	104⅜	104⅞	−0⅛	−0⅞	11.93
BHP Finance 14¾ 89	150	106⅝	107⅛	0	−0½	13.03
British Col Hyd 14¾ 89	200	112¼	112¾	−0⅛	−2⅝	11.77
British Col Hyd 15¼ 92	150	114⅝	115⅛	+0⅛	+1	12.44
Canada 14⅜ 87	750	111⅜	111⅞	0	−1¼	10.82
Canadair Ltd 12½ 89	175	104¼	104¾	−0⅛	−1	11.48
Canadian Wheat 11¼ 90	50	98¾	99¼	0	+0⅛	11.43
Can Pac Ltd 14⅝ 92	75	107¾	108¼	−0¼	+0⅛	13.05
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Japan Airlines 7⅞ 87	8†	100¾	101¾	−0¼	−0⅛	7.50
New Zealand 8⅞ 87	15	103½	104½	0	−0⅛	7.35
World Bank 8⅞ 32	20	103	104	−0⅛	−0⅛	7.82

Av. price changes: on day −⅛, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit Col Tel 17¼ 88 CS	50†	112¾	113¾	0	+0¼	13.68
Can Utilities 17 87 CS	35†	114½	115½	+0⅛	+0⅛	12.45
Gaz de France 15 89 CS	75†	106⅝	106⅞	+0⅛	+0⅛	13.49
Gaz Metro 14½ 92 CS	40†	104½	105½	−0½	+0½	13.52
[illegible]						

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
[illegible]						
NKK 6½ 96	7/81	169	79½	81	−1⅛	19.77
Nippon Electric 5¼ 97	2/82	894.2	120½	122	−2⅛	8.19
Olympus Optical 6¾ 97	12/82	1331	102	103½	−1	15.84
Orient Finance 5¼ 97	3/82	1205	85⅞	87⅞	−2¼	−2.87
Sanyo Electric 5 96	10/81	652	84	85½	−1	28.50
Sumitomo Electric 5½ 97	3/82	577.3	96⅛	97⅝	−1⅛	12.11
Sumitomo Metal 5¼ 96	10/81	296.1	67⅝	69¼	−0½	29.75
Olympus Opt 4½ 92 SF	12/82	1331	106¾	108¼	−0⅞	31.84
Konishiroku 6¾ 88 DM	6/82	618	112¼	113¼	+0⅞	13.69
Mitsubishi Heavy 6 89 DM	2/82	263	105¼	106¼	+0½	14.88
Sun Realty 8¼ 92 DM	2/83	365	107¾	108¾	−0½	0.07

DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, YEN STRAIGHTS, FLOATING RATE NOTES: [illegible]

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cr. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

BASE LENDING RATES

A.B.N. Bank	11 %
Allied Irish Bank	11 %
Amro Bank	11 %
Henry Ansbacher	11 %
Arbuthnot Latham	*11 %*
Armco Trust Ltd.	11 %
Associates Cap. Corp.	11 %
Banco de Bilbao	11 %
Bank Hapoalim BM	11 %
BCCI	11 %
Bank of Ireland	11 %
Bank Leumi (UK) plc	11 %
Bank of Cyprus	11 %
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd.	11 %
Banque du Rhone	12 %
Barclays Bank	11 %
Beneficial Trust Ltd.	12 %
Bremar Holdings Ltd.	12 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11 %
Canada Perm't Trust	11½%
Castle Court Trust Ltd.	11½%
Cayzer Ltd.	11 %
Cedar Holdings	11 %
■ Charterhouse Japhet	11 %
Choulartons	11½%
Citibank Savings	¶ 9 %
Clydesdale Bank	11 %
C. E. Coates	12 %
Comm. Bk. of N. East	11 %
Consolidated Credits	11
Co-operative Bank	*11 %
The Cyprus Popular Bk	11 %
Duncan Lawrie	11 %
E. T. Trust	11 %
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13½%
First Nat. Secs. Ltd.	13 %
Robert Fraser	12 %
Grindlays Bank	‡11 %
■ Guinness Mahon	11 %
Gulf G'tee Trust Ltd.	12 %
■ Hambros Bank	11 %
Hargrave Secs. Ltd.	11 %
Heritable & Gen. Trust	11 %
■ *Hill Samuel*	§11 %
C. Hoare & Co.	†11 %
Hongkong & Shanghai	11 %
Kingsnorth Trust Ltd.	12 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	11 %
Mallinhall Limited	11 %
Edward Manson & Co.	12 %
Midland Bank	11 %
■ Morgan Grenfell	11 %
National Westminster	11 %
Norwich Gen. Tst.	11 %
P. S. Refson & Co.	11 %
Royal Trust Co. Canada	11 %
Roxburghe Guarantee	11½%
Slavenburg's Bank	11 %
Standard Chartered	‖11 %
Trade Dev. Bank	11 %
Trustee Savings Bank	11 %
TCB	11 %
United Bank of Kuwait	11 %
Volkskas Intl. Ltd.	11 %
Westpac Banking Corp.	11 %
Whiteaway Laidlaw	11½%
Williams & Glyn's	11 %
Wintrust Secs. Ltd.	11 %
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.6%.
† 7-day deposits on sums of: under £10,000 8%. £10,000 up to £50,000 8¾%. £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Thursday February 17 1983

Rubber values at 34-month high, Page 31

WALL STREET

Braced to withstand the storm

BUFFETED by gusts of economic and monetary predictions and exhortations from Washington, stock investors seemingly deemed it safest to put down anchor until the horizon cleared somewhat, and values drifted back and forth within a narrow range for a large part of the day.

Despite the additional news that U.S. housing starts had risen a record 35.9 per cent in January, and similarly optimistic industrial production figures, the Dow Jones industrial average sank slowly during the afternoon to end 5.67 down at 1,087.43 as declines attained a greater edge over advances, finally ahead by a margin of about three to two.

Volume amounted to only some 82m shares, however, down from Tuesday's 89m which was already well below the levels established in recent months.

Unfavourable trade winds, in the form of earnings setbacks for several companies which have been recent favourites, contributed to the decision to take cover. At the close Wall Street was down 5.67 at 1087.43.

Warner Communications, until recently one of the more popular institutional investments, gave news of a fourth-quarter profits erosion to $33m from $75.8m a year earlier and warned that the 1983 first-half performance was likely to fall short of the comparable previous period. This was because of an excess inventory of video game cartridges and increased competition in the field pioneered by its Atari subsidiary.

The volume leader, Warner slid $1⅞ to $29⅝.

Hewlett Packard, which also reported lower earnings, was $2½ off at $83⅝. Revived interest in IBM, by contrast, enabled it again to touch the $100 mark before pulling back in line to finish $⅝ lower at $98¼.

Mr Volcker's prognosis for interest rates and monetary growth brought strength to the credit markets. The key Treasury 10⅜ per cent bonds due 2012, already firming, immediately put on more to stand 13/16 up at 95⅛ by midsession.

Dealers said the testimony appeared to increase the chances of an early reduction in the discount rate, currently at 8½ per cent.

Treasury bills were able to overcome the negative impact of a high Federal Funds rate, which touched 9 per cent at one point in the morning before settling back at around 8⅞ per cent for much of the day. The fed in late morning indirectly supplied temporary reserves by arranging $1bn of customer repurchase agreements at that level.

Yields on three-month bills came back nine basis points by midsession to stand at about 8.13 per cent, while the rate on the six-month bills was some 17 basis points lower at 8.20 per cent.

The Fed's intervention was regarded as restrained. Retail buying interest picked up somewhat, mainly in short and medium-term Treasury securities. Demand was thereby enhanced for the $7.5bn of Treasury two-year notes which were to be auctioned later yesterday.

Yields were expected by dealers to reach between 9.65 and 9.70 per cent, consistent with a 9⅝ per cent coupon.

Stocks traded moderately better for much of the day in **Toronto** but were all but devoid of features. Strength was apparent in golds and base metals but oil and gas issues were slow to pick up. Banks were ahead of the market in **Montreal.**

EUROPE

Course of currencies holds sway

CURRENCY trends exerted an overriding influence on stocks in many centres yesterday, to the benefit or detriment of values depending on the course of each national unit against the dollar and within the European Monetary System.

In **Brussels** – where the central bank reported increased spending for last week in defence of the franc, reaching the equivalent of BFr 9.8bn – domestic share prices were mixed in subdued trading as prospects of a discount rate cut receded accordingly.

Holding companies gave up ground, with Bruxelles Lambert off BFr 15 to BFr 1,645, Cobepa BFr 15 to BFr 2,275 and Sofina BFr 10 to BFr 4,005. But electricals steadied and steels fared relatively well.

A setback for the D-Mark against the dollar encouraged profit-taking in **Frankfurt,** where sellers had been poised from the outset to cash in after gains on Tuesday.

Steelmaker Klöckner-Werke continued its slide despite company reassurances on its financial position ending DM 5.50 off at DM 33.50 for a three-day fall of DM 10.

A cautiously weaker showing by domestic bonds required the Bundesbank to buy a nominal DM 2m in public paper.

The recent ability of the Swiss franc to hold the dollar below SwFr 2 heartened **Zurich** industrials, with prices and volume buoyed by foreign interest. Nestlé added SwFr 20 to SwFr 3,970.

Conversely, electronics group Landis and Gyr – which blamed a 40 per cent fall in profits for last year largely on competitiveness difficulties in the face of a stronger franc – finished unchanged at SwFr 1,040.

Banks were neglected but bonds steadied in active dealings.

Milan, which has drawn strength from the lira's present commanding position within the EMS, continued upward with the assistance of technical factors linked to the start of a new account month yesterday.

Chemicals shone, with a rise of L6.20 for Montedison at L134.20 and L24 for Snia Viscosa at L889. Takeover rumours boosted Toro Assicurazioni, up L300 to L14,299. Domestic bonds turned out selectively higher.

Another mixed picture emerged in **Paris,** with the precarious position of the French franc identified by the Belgians as the source of their own troubles. The Bank of France pushed call money up a further eight to 12⅞ per cent, depressing sentiment in stocks.

An **Amsterdam** rally took Hoogovens Fl 1.50 up at Fl 19.50, KLM Fl 2.50 at Fl 153 and Philips Fl 1.50 at Fl 36. Banks were also favoured.

Stockholm made further progress, paced by a SKr 45 surge for Asea to SKr 435, and **Oslo** had as its outstanding feature a NKr 12 jump by Norsk Hydro to NKr 294.50. **Madrid** managed somewhat to stem its recent decline.

AUSTRALIA

Nerves show

A FIRMER bias emerged in nervous Sydney trading, supported largely by strength in metals and minerals, while industrials had a poorer day.

Among improved heavyweight miners were MIM, up 18 cents at A$4.20, and Western Mining which at A$4 was 10 cents ahead. Bougainville Copper firmed two cents to A$2.32 despite announcing a 51 per cent plunge in 1982 earnings. CRA, with which it is affiliated, added five cents to A$3.85.

The All Ordinaries index, an eventual 1.2 ahead at 515.2, forms the basis for trading which began yesterday in stock index futures – a crucial time given the federal elections scheduled for March 5. March contracts closed at 514.0, June at 524.5 and September at 535.5.

CANADIAN closing stock prices and New York and Canadian closing indices were not available for this edition because of a computer failure

FAR EAST

Speculatives provide the sparkle

SPECULATIVES and lower-priced domestic industrial issues again came to the fore in **Tokyo** yesterday as Wall Street's overnight disaffection for the 1,100 mark unsettled blue chips.

Volume was a brisk 660m shares, enabling the Nikkei-Dow Jones market average to edge up 9.99 to 8,145.41, but the Tokyo SE index eased 0.26 to 590.23. Non-ferrous metals, shipping lines, paper pulps and textiles were in good demand but vehicles, steels, light electricals, oils and computer manufacturers lost ground.

Another factor which continued to distress the quality end of the market was the high levels prevailing in margin buying positions, where the ability to complete purchase payments is not always demonstrable.

The exchange authorities – who have been closely monitoring the adequacy of existing curbs on such dealings – are to tighten restrictions on margin trading in Mitsubishi Metal from today. Yesterday its stock, the second most active with 46.3m units changing hands, surged Y45 to Y480.

Shipping stocks gained strength from softening world oil prices: Japan Line, again volume leader, added Y7 to Y242 while Sankyo Steamship improved Y30 to Y250.

Fuji Photo Film, which reported a 16 per cent increase in consolidated net earnings for 1982, finished unchanged at Y1,620.

Toyota, meanwhile, fell Y12 to Y976 and Honda Y10 to Y957.

In the bond market, price of government issues eased in the afternoon to return to Tuesday's closing levels as commercial banks sought profits, brokers said.

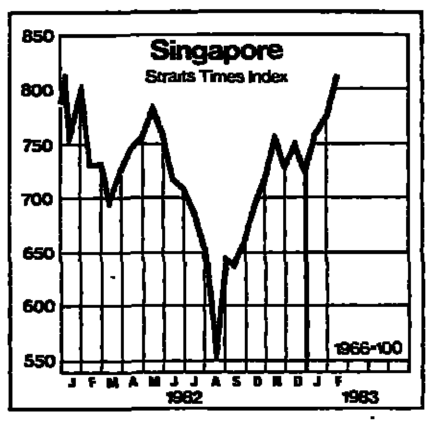
Singapore investors returned from the Chinese new year celebrations in ebullient mood and launched a buying campaign which took the Straits Times industrial index to a 13-month high, 12.69 stronger at 811.29. Trading volume was well above recent levels.

One broker noted substantial buying from Indonesia – amid fears of a devaluation of the rupiah, which has been trading at a record low against the U.S. dollar – and from Brunei.

Among the day's biggest beneficiaries was Cold Storage, which advanced 32 cents to S$4.96 on expectations of impressive annual results.

Oil concern Promet, heading the active, added 25 cents to S$3.20 on similar reports of good order inflow and healthy earnings. Hotels, properties and commodities were all higher.

A more moderate pace was set in **Hong Kong** but the banking sector distinguished itself with gains of well above a dollar. Hang Seng ended HK$1.50 up at HK$53, Wing Lung HK$1.75 at HK$47.25 and East Asia a strong HK$1.90 at HK$29.30.



SOUTH AFRICA

Limited losses

SCATTERED profit-taking left many of Johannesburg's gold leaders somewhat easier, with a R1 loss for St Helena at R57 but a 50 cent improvement for Randfontein at R174.

Mining financials backed off: Anglo-American was 20 cents lower at R22.50 and De Beers 15 cents at R8.90.

Tuesday's prime rate cut continued to assist industrials, however. Annual results provided additional impetus for Rennies, 50 cents stronger at R7.60.

LONDON

Drab picture relieved by ports debut

THOUGHTS earlier in the week that London equity markets were looking weary and vulnerable at current record levels were justified yesterday. Leading industrials fell several points soon after the opening and the decline snowballed to take the FT Industrial Ordinary index down more than 10 points shortly after midday.

A technical reaction after the sustained strength of the previous fortnight had been widely expected before the current long trading account ends tomorrow.

Sizeable profits were there to be taken, but the volume of selling was relatively small. Suspicions that the fall was more a reflection of dealers' efforts to avoid taking stock strengthened when leading shares later rallied smartly on comments by Mr Paul Volcker, U.S. Federal Reserve chairman, on money growth there. The FT index closed only 5.9 down on balance at 656.0.

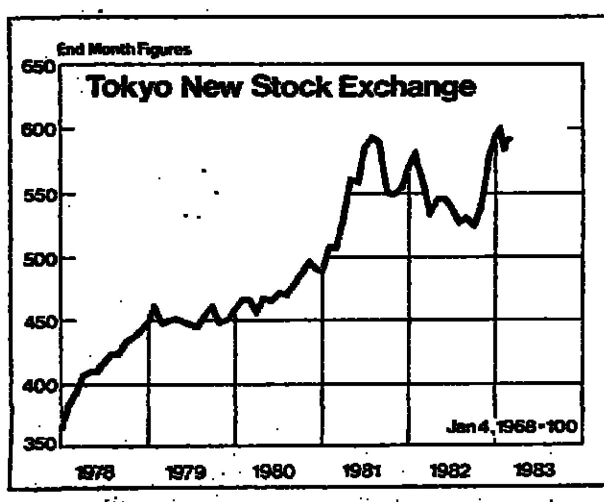
Cash shortages were still evident with many equity investors conserving funds for an onslaught on a Superdrug Stores' offer for sale today

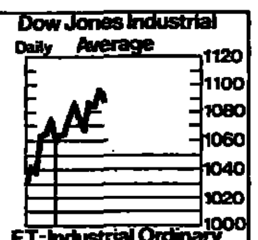
The recent good advance in government stocks initially faltered and quotations of longer maturities reacted as sterling weakened on revived reports of impending North Sea oil price cuts.

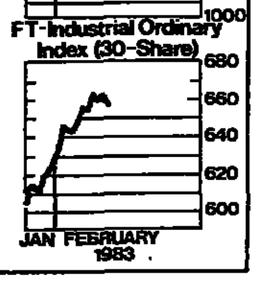
Mr Volcker's statements, however later put the dollar under pressure and gilts drew renewed support as the pound strenghtened. The longs finally regained all the lost ground and closed fractionally harder, where changed, with short-dated issues also establishing minor gains on the day.

Mining markets did little more than mark time in quiet trading as the bullion price held relatively steady. Financials were featured by Gold Fields which dropped 20p to 548p following sizeable selling associated with fears over half-year results expected on March 9. *Share information service, Pages 32–33.*

KEY MARKET MONITORS







STOCK MARKET INDICES

	Feb 16	Previous	Year ago
NEW YORK			
DJ Industrials	1087.43	1093.1	831.34
DJ Transport	478.16	477.53	345.68
DJ Utilities	124.08	123.94	104.99
S&P Composite	147.43	148.29	114.06
LONDON			
FT Ind Ord	656.0	661.9	563.6
FT-A All-share	409.89	412.91	324.97
FT-A 500	444.53	447.8	343.79
FT-A Ind	417.29	420.76	314.79
FT Gold mines	733.6	734.7	269.6
FT Govt secs	79.75	79.76	65.34
TOKYO			
Nikkei-Dow	8145.41	8135.42	7693.92
Tokyo SE	590.23	590.49	570.07
AUSTRALIA			
All Ord.	515.2	514.0	511.5
Metals & Mins.	464.1	456.2	366.5
AUSTRIA			
Credit Aktien	48.71	48.48	54.87
BELGIUM			
Belgian SE	106.17	105.93	96.25
CANADA			
Toronto Composite	2147 5	2146.9	1652.20
Montreal Industrials	368.16	368.59	289.27
Combined	355.66	354.70	273.50
DENMARK			
Copenhagen SE	n/a	107.57	97.77
FRANCE			
CAC Gen	105.9	105.9	108.7
Ind. Tendance	109.7	110.3	121.6
WEST GERMANY			
FAZ-Aktien	259.36	260.01	226.07
Commerzbank	768.40	779.9	690.2
HONG KONG			
Hang Seng	944.32	931.4	1230.62
ITALY			
Banca Comm.	205.95	202 01	188.64
NETHERLANDS			
ANP-CBS Gen	112.6	111.0	86.3
ANP-CBS Ind	93.8	97.3	68 2
NORWAY			
Oslo SE	149.66	145.39	108.29
SINGAPORE			
Straits Times	811.29	798.6	732 0
SOUTH AFRICA			
Golds	1012.8	1019.3	502.8
Industrial	846.2	838.7	709.2
SPAIN			
Madrid SE	102.4	102.52	105.77
SWEDEN			
J & P	1175.25	1160.23	603.69
SWITZERLAND			
Swiss Bank Ind	307.5	306.8	244.1

GOLD (per ounce)

	Feb 16	Prev
London	$508.50	$507.50
Frankfurt	$508.50	$511 00
Zürich	$508.50	$510.75
Paris	$509.36	$512.77
New York futures (Feb)	$505.70	$505.80

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Feb 16	U.S. DOLLAR Previous	STERLING Feb 16	STERLING Previous
£	1.5490	1.5415	–	–
DM	2.3890	2.4065	3.7¼	3.71¼
Yen	232.75	233.75	360¾	360½
FFr	6.7725	6.8250	10.48¾	10.52
SwFr	1.9825	1.9940	3.07¼	3.07½
Guilder	2.6410	2.6575	4.09½	4.10
Lira	1379	1385	2135½	2134½
BFr	47.13	47.19	73.00	72.75
C$	1.2235	1.2237½	1.8945	1.8865

INTEREST RATES

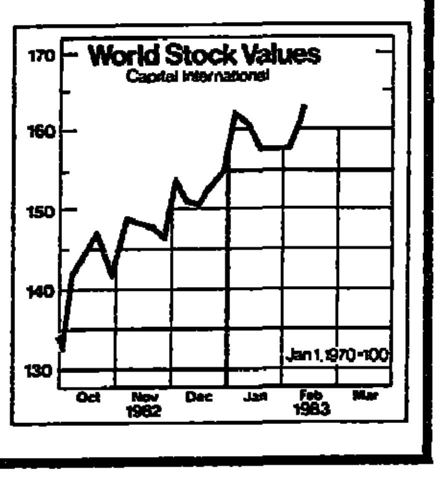
	Feb 16	Prev
Euro-currencies (three month offered rate)		
£	11¼	11$\frac{5}{16}$
SwFr	3	2⅞
DM	5¾	5$\frac{11}{16}$
FFr	23½	23¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	9¼	9$\frac{5}{16}$
6-month U.S.$	9½	9$\frac{7}{16}$
U.S. Fed Funds	8⅝	8¾
U.S. 3-month CDs	8.70	8.70
U.S. 3-month T-bills	8.19	8.22

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	74–09	74–27	73–23	73–31
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.88	92.09	91.72	91.80
Cert Deposit (IMM) $1m points of 100%				
March	91.27	91.43	91.05	91.16
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.89	90.90	90.68	90.86
20-year Notional Gilt £50,000 32nds of 100%				
March	102–10	102–10	101–18	102–14
Three-month Sterling Deposit £250,000 points of 100%				
March	89.47	89.47	89.30	89.47

LONDON COMMODITY MARKETS

	Feb 16	Prev
Silver (spot fixing)	948.65p	947.55p
Copper (cash)	£1094.50	£1089.00
Coffee (March)	£1684.00	£1728.00
Oil (spot Arabian light)	$29.62	$29.62



NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued on Page 29

AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11⅞	5⅛	AAV	.32	2.8	8	9	11¼	11½	11½	-⅛
4¼	2¾	AICPh				2	4¼	4¼	4¼	
3⅝	1	ATI			15	61	3¼	3	3⅛	-⅛
6	1½	AcmePr			51	12	5⅝	5½	5⅝	
21¼	12¼	AcmeU	.40	2.1	10	13	19½	19	19	-⅛
22¾	8¾	Action			6	50	21¼	20¼	20¼	-½
9⅝	5¼	Actons	.10r	1.3		145	8¼	7¾	8	-⅛
3¼	⅞	Actn	wt			3	2⅞	2⅞	2⅞	-⅛
10⅛	1¾	AdmRs	.10	4.2		40	2⅞	2⅜	2⅜	-¼
25	12	AdRusl	s.10	4	23	51	23	22¼	23	
21⅞	11⅞	Adobe	.20	1.1	13	27	19	18⅝	19	+⅛
3	2	AeglsCp			6	677	2¾	2⅝	2⅝	-⅛
21½	7⅞	Aeroflx	1.55t	7.7	18	107	20¼	20	20⅛	-⅛
8⅛	2⅞	Aeronca				211	6⅛	5¾	6	+⅛
21⅝	9¼	AffilHp	.32	1.8	9	21	18⅝	17½	18⅛	+¼
30⅛	15⅞	AlliPb	s.64	2.1	54	11	30½	30¼	30¼	-¼
9⅝	3⅞	AltSai			7	110	9	8½	8½	-⅛
15½	4⅞	AirExp			73	496	15⅞	15¼	15¼	
14⅞	4⅞	AlskAir	.12e	.9	10	350	13½	12⅞	12⅞	-½
11⅞	3⅞	AlbaW	.10e	92	287	11⅛	11	11		-⅛
16½	6	AlbanT	.75t	5.0		32	15	14¼	15	+⅛
10	6½	AlmySt		2.0	255	35	u10⅛	9⅞	10⅛	+⅛
9⅝	5⅛	AlohaA			5	30	9½	9⅜	9½	
21⅞	8¼	Alphal	s		26	81	20⅛	20	20	-⅛
1¼	½	Altec				97	1	⅞	15-16	+1-16
2⅝	1¼	Altex	n			114	1⅝	1½	1⅝	
⅛	1-16	Altx	83wt			368	⅛	⅛	⅛	-1-16
33	25	Alcoa	pf3.75	12.		z50	31½	31½	31½	-½
44½	17¼	Amdhl	.40	1.0	169	765	42⅛	40¼	40⅝	-1⅛
28⅝	6¼	Amedc	s.12	.4	30	24	28¾	28½	28¾	+⅛
5	3½	ABkIt	n			15	4⅝	4½	4⅝	+⅛
29⅞	17	AContrl	.80	2.7	7	6	u29⅞	29½	29⅞	+½
27¼	8¼	AExp	wt			114	25⅞	24½	24⅞	-⅛

...

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12½	10	Wean	pf1.26	11.		6	12¼	12	12	-⅛
13⅞	4⅞	WeboD				468	13⅛	12⅛	12⅞	-⅛
46	24⅛	WescM	s.84	1.8	15	25	u46⅛	45⅞	46¼	+¼
34¼	16⅞	WellsF	1.92	6.6	5	108	29⅞	29¼	29¼	
29⅞	17⅛	WelFM	2.80	11	13	92	25⅛	24⅝	24⅝	-½
16¼	8⅞	Wendy	s.24	1.6	14	1181	15½	15	15½	-⅛
22⅞	12⅛	West	s.36	1.9	12	105	19¼	18¾	18¾	-⅝
44⅞	19¼	WstPtP	2	4.7	10	112	43⅛	42½	42½	-½
12⅞	9	WstctT	g1.04			21	12½	12⅛	12⅛	-⅛
7	3⅛	WnAirL				512	6⅝	6⅛	6⅛	-½
17⅞	8⅝	WAir	pf			10	16⅞	16½	16½	-⅛
15½	7¼	WCNA	.24	2.7	7	459	9⅛	8⅞	9	-⅛
51⅞	46	WCNA	pf7.25	14		10	51¼	51⅛	51⅛	-⅛
64	50½	WPacl			10	17	60⅜	59	60⅜	+1⅛
54¼	25¾	WUnion	1.40	3.3	13	663	44	42½	42½	-1

Continued on Page 30

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 28

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full

WORLD STOCK MARKETS

CANADA

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

HOLLAND (continued)

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Acorn Securities	102	+8
Assoc British Ports	137	—
Bio-Isolates	410	−10
Cons Gold Fields	548	−20
Electro-Protective	243	+17
ICI	392	−4
London and Liverpool	557	−16
Magnet and Southerns	168	−2
Mellins	244	+16
RTZ	532	−13
Valor	110	+4
Wilkes (James)	457	+25

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's changes
Wilkes (J.)	17	432	+77
Mellins	16	228	—
Sinclair (Wm)	16	100	—
London & Liv	15	573	+18
BET Defd	13	220	+12
Bowater	13	187	+7
Exco Int	12	600	—
Ultramar	12	500	+5
Arlen Elect	11	363	—
Beecham	11	373	—
Glaxo	11	£13⅞	−⅛
Automated Sec	10	452	+7
Racal Elec	10	478	+2
Std Tel & Cbls	10	212	+4

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (124)

AMERICANS (9)
CANADIANS (5)
BANKS (5)
BREWERS (3)
BUILDINGS (8)
DRAPERY & STORES (3)
ELECTRICALS (4)
INDUSTRIALS (15)
INSURANCE (2)
LEISURE (1)
MOTORS (5)
NEWSPAPERS (1)
PROPERTY (3)
SOUTH AFRICANS (3)
TEXTILES (2)
TRUSTS (32)
OIL & GAS (1)
PLANTATIONS (2)
MINES (20)

NEW LOWS (6)

BANKS (1)
First Nat. Warrants
STORES (2)
Bremner Freemans
ELECTRICALS (1)
Whitworth Elec
INDUSTRIALS (1)
Zygal Dynamics
PROPERTY (1)
Espley-Tyas

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 7	Feb 18	May 19	May 31
Feb 28	Mar 11	June 2	June 13
Mar 14	Mar 25	June 16	June 27

For rate indications see end of Share Information Service

Call options were taken out in Time Products, Associated British Ports, P & O Deferred, Manchester Ship Canal, Polly Peck, Ladbroke, Barker and Dobson, Bambers, Panconti-nental, Poseidon, London and Liverpool, Trident TV, Charter-hall, Premier Oil, Benn Bros, George Wimpey, Dares Estates, BSR, Bio-Isolates, BET, Com-bined Technologies and Audio-tronic. Puts were arranged in Polly Peck and Audiotronic, while doubles were struck in Exco International, London and Liverpool, Combined Technolo-gies and Charterhall.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Feb 16 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues Feb 15 Index No.	Mon Feb 14 Index No.	Fri Feb 11 Index No.	Thurs Feb 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	447.17	−1.0	8.87	3.83	14.09	451.83	452.48	452.37	448.05	369.56
2	Building Materials (24)	433.19	−0.9	9.74	4.38	12.36	437.04	438.57	438.66	434.82	325.55
3	Contracting, Construction (30)	790.13	−1.0	11.11	4.17	10.72	798.24	797.79	794.28	782.24	586.16
4	Electricals (32)	1665.11	−1.3	7.23	2.08	17.74	1686.54	1688.61	1693.41	1672.75	1261.90
5	Engineering, Contractors (10)	423.82	−0.6	16.54	7.06	7.40	426.51	425.76	425.61	421.32	533.55
6	Mechanical Engineering (66)	209.97	−0.5	10.91	5.56	11.43	211.09	211.59	211.48	211.00	195.05
8	Metals and Metal Forming (11)	165.95	−2.0	13.10	7.90	9.16	169.28	169.90	170.78	170.55	166.34
9	Motors (18)	88.57	−0.9	0.45	7.08	—	89.39	88.95	87.75	87.37	96.78
10	Other Industrial Materials (17)	416.57	−0.7	8.41	5.12	14.80	419.50	419.77	415.90	411.34	400.39
21	CONSUMER GROUP (200)	420.62	−0.7	9.97	4.23	12.17	423.74	424.46	425.39	421.82	299.27
22	Brewers and Distillers (23)	484.06	−0.5	10.48	4.42	11.65	486.54	482.30	481.38	476.40	287.47
25	Food Manufacturing (21)	344.33	−0.3	13.27	5.36	8.84	345.29	346.89	348.29	345.93	282.02
26	Food Retailing (14)	857.83	−1.4	7.42	2.82	16.94	870.24	874.05	873.05	862.31	611.92
27	Health and Household Products (8)	716.13	−1.6	5.51	2.55	21.56	728.12	734.59	738.45	731.49	374.11
29	Leisure (24)	512.19	−0.4	8.82	4.71	16.21	514.23	515.11	513.40	508.09	404.22
32	Newspapers, Publishing (13)	731.53	−0.4	8.45	4.43	15.78	734.12	732.48	729.75	728.49	513.39
33	Packaging and Paper (14)	168.41	+0.3	13.83	6.65	8.49	167.86	166.98	168.06	165.29	150.15
34	Stores (47)	357.01	−0.8	8.47	3.85	15.63	359.72	360.60	361.31	360.41	243.86
35	Textiles (22)	194.60	−0.2	12.92	5.71	9.33	194.90	194.06	195.24	193.34	169.80
36	Tobaccos (3)	496.38	−0.5	17.73	5.58	6.26	498.86	501.91	506.56	499.48	309.08
39	Other Consumer (11)	370.95	−0.2	2.27	3.75	—	371.85	373.83	373.31	374.45	272.15
41	OTHER GROUPS (78)	321.97	−0.6	10.58	5.08	11.37	324.07	320.38	320.42	318.46	257.17
42	Chemicals (15)	419.84	−0.8	11.74	5.76	10.12	423.14	418.04	419.09	419.32	348.49
44	Office Equipment (6)	183.37	—	10.51	5.25	11.98	183.37	181.04	184.48	182.33	125.76
45	Shipping and Transport (13)	575.07	−1.0	15.06	7.40	7.91	580.72	572.92	570.47	568.58	575.38
46	Miscellaneous (44)	458.52	−0.5	8.65	3.97	14.08	461.03	456.98	454.55	450.95	316.09
49	INDUSTRIAL GROUP (486)	417.29	−0.8	9.68	4.21	12.64	420.76	420.72	421.18	417.60	314.79
51	Oils (14)	746.37	−0.2	16.81	7.74	7.01	747.58	740.03	748.90	727.71	670.16
59	500 SHARE INDEX	444.53	−0.7	10.70	4.72	11.33	447.80	447.11	448.29	443.22	343.79
61	FINANCIAL GROUP (121)	301.63	−0.6	—	5.86	—	303.37	302.09	302.57	300.97	241.05
62	Banks (6)	306.71	−0.6	32.88	7.86	3.32	308.60	305.38	306.73	300.04	298.06
63	Discount Houses (8)	294.64	−0.5	—	8.28	—	296.07	290.68	290.81	287.11	228.06
65	Insurance (Life) (9)	386.13	−1.8	—	4.96	—	393.33	384.98	380.62	376.00	259.26
66	Insurance (Composite) (10)	203.05	−0.5	—	7.01	—	204.15	202.46	202.40	201.77	165.20
67	Insurance Brokers (7)	563.23	−1.0	11.40	4.84	12.21	568.64	568.29	573.61	571.93	439.52
68	Merchant Banks (13)	166.30	+0.3	—	5.19	—	165.82	166.66	166.69	167.82	150.62
69	Property (54)	455.90	−0.1	5.66	3.93	23.33	456.20	462.80	465.56	459.48	458.94
70	Other Financial (14)	233.22	+0.1	11.97	5.05	9.91	233.04	232.47	233.97	231.66	180.11
71	Investment Trusts (109)	407.89	−0.6	—	4.14	—	410.38	409.09	408.99	406.51	313.79
81	Mining Finance (4)	269.83	−2.6	7.61	5.27	17.60	277.17	277.09	278.63	270.83	227.77
91	Overseas Traders (16)	444.13	−0.4	9.05	8.14	15.33	445.80	446.68	448.01	442.19	415.80
99	ALL-SHARE INDEX (750)	409.89	−0.7	—	4.92	—	412.93	412.08	413.08	408.78	324.97

FIXED INTEREST

	PRICE INDICES	Wed Feb 16	Day's change %	Tues Feb 15	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.61	+0.15	117.43	—	1.45
2	5-15 years	127.28	−0.00	127.29	—	2.41
3	Over 15 years	135.68	+0.01	135.67	—	0.38
4	Irredeemables	141.63	−0.09	141.75	—	0.00
5	All Stocks	126.66	+0.04	126.60	—	1.54
6	Debentures and Loans	100.77	−0.01	100.78	—	0.64
7	Preference	77.25	+0.66	76.74	—	0.32

	AVERAGE GROSS REDEMPTION YIELDS		Wed Feb 16	Tues Feb 15	Year ago (approx.)
	British Government				
1	Low	5 years	8.94	8.95	12.57
2	Coupons	15 years	10.44	10.43	13.48
3		25 years	10.60	10.60	13.34
4	Medium	5 years	11.26	11.27	15.06
5	Coupons	15 years	11.35	11.35	14.91
6		25 years	10.89	10.91	14.34
7	High	5 years	11.39	11.42	15.15
8	Coupons	15 years	11.57	11.56	15.06
9		25 years	11.09	11.11	14.70
10	Irredeemables†		10.51	10.50	12.86
11	Debs & Loans	5 years	12.40	12.44	16.03
12		15 years	12.58	12.59	15.93
13		25 years	12.68	12.71	15.86
14	Preference†		12.90	13.00	15.73

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	25	9	64
Corpns. Dom. and Foreign Bonds	4	—	72
Industrials	178	399	752
Fin. and Props.	86	178	273
Oils	21	20	69
Plantations	6	4	12
Mines	33	28	88
Others	57	59	39
Totals	410	895	1,349

FINANCIAL TIMES STOCK INDICES

	Feb. 16	Feb. 15	Feb. 14	Feb. 11	Feb. 10	Feb. 9	year ago
Government Secs.	79.73	79.76	79.21	78.80	78.36	78.27	65.34
Fixed Interest	81.19	81.21	80.89	80.53	80.28	80.21	65.16
Industrial Ord.	656.0	661.9	660.7	662.5	654.8	656.0	563.6
Gold Mines	733.6	734.7	712.5	711.5	686.1	695.0	269.6
Ord. Div. Yield	4.69	4.63	4.63	4.61	4.66	4.71	5.43
Earnings, Yld.% (full)	10.10	9.99	9.98	9.95	10.04	10.10	9.63
P/E Ratio (net) (*)	11.92	12.05	12.06	12.09	11.98	11.90	13.58
Total bargains	24,330	24,018	26,128	24,065	25,007	23,082	18,133
Equity turnover £m.	—	217.12	196.81	233.54	257.61	239.82	109.41
Equity bargains	—	20,749	24,056	20,877	21,428	21,383	14,158
Shares traded (ml)	—	144.8	139.2	167.8	167.3	156.7	86.4

10 am 658.5. 11 am 655.5. Noon 652.5. 1 pm 651.8. 2 pm 651.6. 3 pm 652.7.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 11.14.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.64 (5/11)	61.89 (5/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	662.5 (11/2/83)	518.1 (5/1/82)	662.5 (11/2/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	181.3 (22/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 15	Feb. 14
—Daily		
Gilt Edged Bargains	173.6	174.9
Equities Bargains	134.4	155.9
Value	438.8	397.8
5-day Avrge		
Gilt-Edged Bargains	168.3	168.1
Equities Bargains	140.6	141.1
Value	462.9	459.0

NEW YORK AND CANADA

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

NEW YORK CLOSING PRICES

Continued from Page 29

COMMODITIES AND AGRICULTURE

Rubber soars to 34-month high

BY OUR COMMODITIES STAFF

THE UPSURGE in natural rubber prices accelerated yesterday with the RSS No. 1 spot quotation on the London physical market gaining a further 3.5p to 66.5p a kilo, a 34-month high.

Dealers remained uncertain about the cause of the rise, which amounts to 16.5p so far this year, although there were growing suspicions of producer price support.

"Whatever price was offered the buyers would bid it," said one futures market trader.

Most of the activity was on the futures market where the April position closed £44 up at £678 a tonne. But even there the volume was not particularly large and some dealers were suggesting that with little obvious support beneath present levels a sharp downturn was possible once prices stopped rising.

Yesterday's advance was fuelled by speculative buying encouraged by a strong performance in the Singapore market on its reopening following the Chinese New Year holiday.

Monday's 3p rise on the physical market had been linked by some traders with reports of heavy demand on the Tokyo market but this theory had few supporters yesterday.

Meanwhile, in Kuala Lumpur, Mr Mazlan Jamaluddin, chairman of the Malaysian Rubber Producers' Council (MRPC) said the rubber industry was likely to recommend the continuation of export cuts by major producers for a further six months when the present agreement runs out next month.

The Association of Natural Rubber Producing Countries agreed last October that Malaysia, Indonesia, Thailand and Sri Lanka should hold 250,000 tonnes off the market for six months in an attempt to boost depressed prices.

The ANRPC is scheduled to meet in Kuala Lumpur to review this policy at the end of next week and the MRPC will hold talks ahead of that meeting to discuss its attitude to a continuation.

Malaysia is withholding 129,000 tonnes as its share of the total.

Speculative buying lifts aluminium and copper

ALUMINIUM and copper prices rose to new 33-month highs on the London Metal Exchange, following further speculative buying.

Cash aluminium closed £10.5 higher at £818.5 a tonne and the £5.5 up at £1,094.5 a tonne. There was little reaction to news of a strike at the Centromin plants in Peru.

Tin lost ground in spite of another rise in the Straits price in Penang when the Malaysian market re-opened after the high-grade copper cash price Chinese New Year holiday.

● DANISH Government asked the EEC Commission to look into the delay by Sweden and Norway in lifting bans on Danish meat imports after Denmark was declared free of foot and mouth disease on Monday.

● PRODUCTION of clove oil, used in perfumes and pharmaceuticals, is expected to start in May at a French-built distilling plant on the Island of Pemba.

● NON-COMMUNIST world consumption of silver for industrial and coinage use last year rose to an estimated 369m ounces, up 5 per cent from 1981, according to Handy and Harman, U.S. refiners.

● WORLD cotton stocks at the end of the 1982-83 season will total 29.7m bales, 2m bales larger than stocks on August 1 last year.

● FUTURES contracts in January was a record 2.22m, up 26.9 per cent from the previous record in August last year.

● SOVIET meat production from state and collective farms in January rose to 1.442m tonnes, from 1.392m last year.

● SHELL FISH beds affected by bonamia disease will be isolated under legislation to be introduced by the Government, Agriculture Minister Peter Walker said.

Thatcher urges greater food exports

THE PRIME Minister called on the British food industry yesterday to "greatly increase" exports and win a greater share of the home market.

It had to replace as much as possible of the £4bn worth of temporate zone food imported annually, she said.

In a recorded message Mrs Thatcher told the Food from Britain conference in London: "We must look upon the whole of the European market as our home market." She urged greater sales efforts in third markets such as the U.S. and the Middle East.

Mrs Thatcher was unable to attend because she was at the funeral of Tory MP Mr Michael Roberts, who died in the Commons last week.

Food from Britain is the new agricultural marketing umbrella organisation which is expected to begin operations by the end of next month. Yesterday's conference, attended by 2,000 food producers, manufacturers, distributors and retailers, was to introduce the organisation's officers and to outline its operating plan.

Mr Bill Marlow, FFB's marketing director designate, said it would help producers by guiding them to produce still more accurately what profitable future markets would demand. For manufacturers and processors it would support and coordinate programmes designed to win new markets.

The overall objective was to convince retailers and their customers that the quality and consistency of British food and the marketing expertise of the industry was better than that of its competitors.

Sir Adrian Cadbury, group chairman of Cadbury Schweppes and chairman of the Food Manufacturers Federation, said there was no question of trying to bring large companies which were successfully exporting their brands under a national marketing umbrella.

"Food from Britain intends to encourage each company and food organisation to make the most of its own opportunities," he said.

Sir Adrian thought the whole British food chain would benefit from a more effective performance by UK producers and manufacturers in domestic and export markets, because it would "increase the reputation of food from Britain."

John Cherrington gives a farming viewpoint of the Food from Britain conference in London

THE EXOTIC ambience of the Barbican Centre, Food from Britain's launching pad, and much of the oratory was far from the realities of grass roots farming.

Farmers have been nagged so often about the deficiencies in their marketing it is surprising so many of them have survived so long.

Comparisons with our European competitors take no account of the fact that many of these sell through an export bottleneck into a terminal market. British farmers have a diversity of outlets into which to sell. Prices here are determined by supply and demand and not entirely by quality.

A case in point is grain quality. Because the yields from feed wheat and barley are higher than milling and malting varieties most feed wheat is grown simply because millers and maltsters will not guarantee premiums that would compensate for lower yields of quality grains.

Until the end of January, the best outlet for breadmaking wheat was EEC Intervention stocks to which farmers sent half a million tonnes. Much of the rest was exported, so creating such shortage that one estimate is that at least 100,000 tonnes of milling wheat will have to be imported.

On the other hand, pig farmers, who have improved the quality of their output, face a situation where the best advice to them is to cut production to raise prices.

The only viable farm marketing system for UK conditions is that of the Milk Marketing Board which buys all British milk and manufactures a large proportion of the country's dairy products. It controls quality to narrow limits and shelters farmers from the rigours of supply and demand.

World Bank in $540m scheme to aid fishing

THE WORLD BANK this week announced a programme to increase production of fish to raise living standards in poor countries.

It plans to lend $540m by 1986 for 20 projects. The World Bank is the biggest source of aid for poor countries. Between 1964 and 1981, it lent only $259m for fishing projects.

Among the projects are increasing funding for raising fish in synthetic ponds, harvesting fish from rice paddies, raising crabs in swamps, and creating community-run ponds. Indonesia, Panama and the Philippines are among places to benefit.

Mr Graham Donaldson, top economist in the bank's rural development department, said fish protein cost between half and two-thirds that of animal protein.

However, the World Bank faced cultural and logistical problems in its effort to increae fish consumption in the developing world. In Kenya, for example, men from some tribes refused to eat fish because they feared it would make them impotent.

Ivory Coast predicts big drop in its cocoa output

THE IVORY COAST cocoa output this season will be well below last year's record 456,000 tonnes, Mr Denis Bra Kanon, the agriculture minister, said.

He told visiting West German business executives the fall was because of poor rains, bush fires and static producer prices.

Producer prices had been fixed at 300 central African francs (86 U.S. cents) per kilo for the past three years.

Bush fires, aggravated by the country's worst Harmattan within memory, had destroyed a "significant" area of cocoa plantations.

The cocoa plantation area would not be increased. Old plantations would be gradually destroyed and replaced by food crops, Mr Bra Kanon added.

The German delegation is trying to increase the volume of cocoa imported directly by the Port of Hamburg to cut costs. West Germany is Europe's biggest cocoa importer, with 195,000 tonnes last year.

Grains supply squeeze likely

FREE WORLD grain stocks may be tight towards the end of the 1982-83 marketing year because of deteriorating crop prospects in Argentina and South Africa, the U.S. Agriculture Department said.

The heavy movement of U.S. corn into the farmer-owned grain reserve would also affect stocks.

The U.S. payment-in-kind acreage reduction programme was expected to reduce U.S. wheat, corn and sorghum output this year by around 30m tonnes, the department added.

EEC sugar proposal accepted

BY JOHN EDWARDS, COMMODITIES EDITOR

THE EEC weekly selling tender for sugar exports passed without incidence yesterday. A Commission proposal was passed unanimously by the management committee to authorise exports of 44,500 tonnes at a maximum export rebate of 36.14 European currency units per 100 kilos.

The committee took the unprecedented step last week of rejecting the commission's recommendation. Several countries wanted to export more than the commission suggested. Behind yesterday's placid return to normal, it appears a compromise has been worked out. It seems that earlier proposals to cut EEC sugar exports this season to 4.9m tonnes have been dropped and the likely total will be at least 5.25m tonnes.

It was noted too that the commission has just authorised the export of 100,000 tonnes of white sugar, outside the weekly selling tender, by giving the daily fixed rate of 35.54 units per 100 kilos.

Member countries have urged the commission to be more flexible in setting the level of sales at the weekly tender. This means the commission will have to strike a delicate balance between disposing of the Community's surplus, while trying to demonstrate the EEC's desire to avoid undermining the world market still further and being able to adopt a responsible stance at the forthcoming negotiations for new International Sugar Agreement

Coffee misses release level

THE International Coffee Organisation (ICO) said its 15-day average price for February 15 was 124.86 cents per lb—just below the 125 cents level needed to release an extra 500,000 bags of coffee under the export quotas system, Reports Reuter.

London Futures prices fell further yesterday. The May position closed £27 lower at £1,632 a tonne.

PRICE CHANGES

In tonnes unless stated otherwise	Feb. 16 1983	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£818/875
Free Mkt	$1250/1280	+5	$1075/105
Copper			
Cash h grade	£1094.5	+5.5	£1005
3 mths	£1127.75	+6	£1037.25
Cash Cathode	£1073	+2	£970.5
3 months	£1108	+3	£1001.5
Gold troy oz	$508.5	+1	$497
Lead Cash	£299.625	−1.875	£301.5
3 months	£311.75	—2	£313.5
Nickel	£4384	......	£4384
Free mkt	202/232c	+2	175/205c
Palladium	$126.25	—0.5	‡
Platinum	£310.15	—1	£299.15
Quicksilver†	$330/348	—5	$340/350
Silver troy oz	948.65p	+1.1	834.65p
3 mths	973.10p	+1.2	857.15p
Tin cash	£8447.5	—57.5	£7675
3 month	£8432.5	—57.5	£7662.5
Tungsten	$78.76	....	$90.21
Wolfram 22.04 lb	$80/85	....	$78/82
Zinc Cash	£442.5	—0.25	£450
3 mths	£457.75	—0.5	£465.25
Producers	$760-800	....	$800

	Feb. 16 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$462.5z	—2.5	$450
Groundnut	$445z	—5	$465
Linseed Crude	£314	+4	£316
Palm Malayan	$375x	—5	$382.5
Seeds			
Copra Philip	$315z	+5	$305
Soyabean (U.S.)	$245	—1	$245
Grains			
Barley Fut. May	£119.55	+0.25	£115.95
Maize	£149.00	....	£146.00
Wheat Fut. May	£131.85	+0.75	£123.65
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1358	+22	£1254
Fut. May	£1329.5	+21	£1221.5
Coffee Ft. May	£1633.5	—25.5	£1643.5
Cotton A. Index	74.00c	+0.1	73.05c
Gas Oil Mar	$241.75	—4.75	$273.25
Rubber (kilo)	66.5p	+3.5	55p
Sugar (Raw)	£115zx	+3	£99
Woolt'ps 64 z.	403p kilo	....	385p kilo

‡ Unquoted. w March. x April. z Feb-March. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	29.50-29.75	—
Iranian Light	27.10-28.00	+0.15
Arabian Heavy	27.50-28.00	+0.10
North Sea (Forties)	28.80-29.10	—0.10
North Sea (Brent)	29.00-29.20	—
African (Bonny Li'ht)	29.75-30.00	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	267-270	—
Gas oil	250-254	+0.5
Heavy fuel oil	157-162	+4.5

GAS OIL FUTURES

BNOC's notice of a price cut put some pressure on a nervous market and prices began the day quietly $2.00-$3.00 down. The market traded in a narrow range through much of the day, moving to the lows on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Feb	245.50	—3.50	248.50-45.00
March	241.75	—4.75	244.50-41.50
April	234.50	—4.00	237.00-34.50
May	230.25	—4.00	233.25-30.25
June	230.25	—3.75	233.00-30.00
July	232.00	—2.50	234.00-32.00
Aug	233.00	—4.00	236.50-32.50
Sept	235.00	—4.00	237.00
Oct	238.00	—2.50	240.00-38.00

Turnover: 2,427 (3,219) lots of 100 tonnes.

GOLD MARKETS

Gold rose just $1 an ounce from Tuesday's close in the London bullion market yesterday to finish at $508-509. The metal opened at $506¼-507¼ and touched a low of $503¾-504¾ before finishing near to its best level of the day. Sentiment was improved by a weaker dollar following comments by Federal Reserve chairman Paul Volcker pointing to lower U.S. interest rates.

In Paris the 12½ kilo bar was fixed at FFr 112,000 per kilo ($509.36 per ounce) in the afternoon compared with FFr 112,000 ($510.97) in the morning and FFr 112,000 ($512.77) on Tuesday afternoon.

In Frankfurt gold was fixed at DM 39,340 per kilo ($507.97) against DM 39,420 ($512.02) previously from $510¼-511¼.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $508 compared with $510.75 on Tuesday.

In Zurich gold finished at $507-510 against $505-511.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
February	507.50-8.80	+1.150	—
March	510.20-0.70	+0.450	510.20
April	514.20-4.50	+1.500	515.80-10.5
May	518.00-8.30	+0.900	—
June	522.00-2.10	+0.550	—
July	526.00-6.50	+1.250	—
August	530.00-0.50	+2.250	—

Turnover: 883 (1,046) lots of 100 troy ounces.

	Feb. 16		Feb. 15	
Gold Bullion (fine ounce)				
Close	$508-509	(£328-328¼)	$507-508	(£328¾-329½)
Opening	$506¼-507¼	(£326-328¾)	$512-513	(£330¼-331½)
Morning fixing	$506.75	(£328.313)	$511.50	(£330.426)
Afternoon fixing	$508.50	(£329.403)	$509.25	(£328.824)

Gold Coins Feb. 16					
Krugrnd	$523-524	(£337¼-338)	King Sov	$119-120½	(£76¾-77¾)
½ Krg	$270-271	(£174¼-174¾)	Victoria Sov	$119-120½	(£76¾-77¾)
¼ Krg	$137½-138½	(£88¾-89¼)	French 20s	$106-108	(£68¼-69¾)
1/10 Krug	$56-57	(£36¼-36¾)	50 pesos Mex	$610-615	(£393¼-396½)
Mapleleaf	$521-522½	(£336-337)	100 Cor. Aust	$492-497	(£317¼-320¼)
New Sov	$119¾-120¼	(£77¼-77¾)	$20 Eagles	$630-650	(£399¼-406¼)
½ New Sov	$71-72	(£45¾-47)			

EUROPEAN MARKETS

ROTTERDAM, Feb 16.

Wheat—(U.S. $ per tonne): U.S. No Two Red Winter Mar 160, April 162, May 163, June 155, July 155. U.S. No Three Amber Durum April/May 169, May 169, June 170, July 170.50, Aug 172, Sept 175. U.S. No Two Northern Spring 14 per cent April/May 10 170, May 170, June 171, July 172, Aug 173, Sept 174. Canadian Western Red Spring April/May 185.25.

Maize—(U.S. $ per tonne): U.S. No Three Yellow spot 134, Feb 134, Mar 132, April/June 134, July/Sept 138, Oct/Dec 134, Jan/Mar 141 sellers.

Soyabeans—(U.S. $ per tonne): U S Two Yellow Gulfports Feb 239, Mar 240, April 243, May 245.50, June 248, July 251.50, Aug 253.50, Sept 254, Oct 251.30, Nov 251.30, Dec 258.75, Jan 260.25 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 212, Feb 212, Mar 214, April 216, April/Sept 220.50, Nov/Mar 233 sellers. Pellets Brazil Feb 229.50, Mar 228, April/Sept 227.50 sellers.

Business done—Wheat: Mar 129.50-8.70, May 131.90-0.90, July 134.00-3.30, Sept 117.10-6.75, Nov 119.65 only, Jan 122.85 only. Sales: 400 lots of 100 tonnes. Barley: Mar 118.00-7.90, May 119.55-9.35, Sept 110.05-9.85, Nov 113.05-3.35, Jan 116.80 only. Sales: 105 lots of 100 tonnes.

PARIS, Feb 16.

Cocoa—(FFr per 100 kg): Mar 1385/1395, May 1452/1455, July 1450 bid, Sept 1500/1509, Dec 1490 bid, Mar 1495 bid, May 1500 bid.

Sugar—(FFr per tonne): May 1580/1585, July 1625/1640, Aug 1700/1705, Oct 1725/1735, Nov 1725/1735, Dec 1780/1790, Mar 1885/1895, May 1940/1960.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. The rise in gold boosted copper to £1121 while LEAD closed at £311.25 and ZINC at £455.5. ALUMINIUM was actively traded and closed at £840.5 and NICKEL at £2932.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1093-.5	+2.75	1094-5	+5.5
3 months	1125-6	+5	1127.5-8	+6
Settlem't	1093.5	+2	—	......
Cathodes				
Cash	1071-2	—2	1072.4	+2
3 months	1101-2	—2	1101-3	+3
Settlem't	1072	—2	—	......
U.S. Prod.	—	—	*79-83	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1093, 93.5, three months £1125, 24.5, 25, 25.5, 26, 25.5. Standard: Cathodes: Cash £1072, 71.5, three months £1104. Kerb: Higher Grade: Three months £1124.5, 26, 25.5, 26. Afternoon: Three months £1129, 30, 29.5, 29, 28, 27, 26.5, 27, 27.5. Cathodes: Kerb: Higher Grade: Three months £1126, 25.5, 25, 24.5, 25, 26, 25, 24.5, 24, 23, 22, 21, 21.5, 21, 20, 19, 20, 21, 21.5, 21, 22, 20, 20.5, 21. Turnover: 31,025 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8435-40	—87.5	8445-50	—57.5
3 months	8435-40	—67.5	8431-4	—57.5
Settlem't	8440	—90	—	......
Standard				
Cash	8435-40	—81	8445-50	—57.5
3 months	8430-5	—65	8431-4	—57.5
Settlem't	8440	—80	—	......
Straits E.	‡$29.42	+0.06	—	......
New York				

Tin—Morning: Standard: Cash £8440, three months £8450, 30, 35, 30. Kerb: Standard: Three months £8430. Afternoon: Standard: Three months £8432, 35, 34. Kerb: Standard: Three months £8430, 35, 33. Turnover: 2,670 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	298-.5	—1	299.5-.75	—.875
3 months	310-.5	—.25	311.5-2	—2
Settlem't	298.5	—1	—	......
U.S. Spot	299.5	......	*20.5-4	......

Lead—Morning: Cash £298.5, three months £313, 13.5, 13, 12.5, 12, 11.5, 11. Kerb: Three months £311. Afternoon: Cash £299.5, three months £312, 11.5. Kerb: Three months £311.5, 11. Turnover: 7,525 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	440.5-1	—3	442-3	—.25
3 months	455.5-6	—2.5	457.5-8	—.5
Settlem't	441	—3	—	......
Primw'ts	—	......	*40-.75	......

Zinc—Morning: Cash £440.5, three months £457, 56.5, 56. Kerb: Three months £456. Afternoon: Three months £457.5, 58.5, 58. Kerb: Three months £457.5, 57, 55.5, 56. Turnover: 26,675 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	816-7	+10.5	818-9	+10.5
3 months	842-3	+10.7	844.5-5	+10.2

Aluminium—Morning: Three months £841, 40, 39, 38, 38.5, 40, 38, 39, 40, 40.5, 40, 42, 41.5, 41, 41.5, 42, 42.5. Kerb: Three months £842, 43, 42.5, 42. Afternoon: Three months £844, 43, 44, 44.5, 45, 46, 47, 46, 45.5, 45, 44.5, 45. Kerb: Three months £844, 43.5, 43, 42.5, 42, 41, 41.5, 41, 40. Turnover: 21,750 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2880-90	+40	2880-5	+15
3 months	2940-5	+55	2940-5	+15

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Three months £2960, 50, 55, 60, 65, 60, 50, 55, 50, 45. Kerb: Three months £2945, 50, 55. Afternoon: Three months £2960, 65, 60, 50, 45, 40. Kerb: Three months £2940, 35, 30, 25. Turnover: 2,398 tonnes.

SILVER

LME—Turnover 115 (85) lots of 10,000 ozs. Morning: Three months 975, 73.5, 74. Kerb: Three months 973.5, 74, 75. Afternoon: Three months 982, 80, 79.5, 79, 78. Kerb: Three months 978, 77, 76.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	948.65p	+1.10	953p	+3.5
3 months	973.10p	+1.20	978.25p	+3.5
6 months	996.30p	+1.20	—	......
12 months	1048.35p	+0.55	—	......

Silver was fixed 1.1p an ounce higher for spot delivery in the London bullion market yesterday at 948.65p. U.S. equivalents of the fixing levels were: spot $14.602, down 6.6c; three-month $14.914, down 6.7c; six-month $15.235, down 6.7c; and 12-month $16.00, down 8.9c. The metal opened at 951-954p ($14.67-$14.72) and closed at 951-954 ($14.73-$14.78).

COCOA

A weak opening was quickly followed by a strong rally and at the end of an active trading day levels were £20.00 higher, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1306-08	+22.0	1312-271
May	1329-30	+21.0	1337-293
July	1343-44	+20.0	1352-08
Sept	1350-51	+18.0	1361-15
Dec	1357-58	+18.5	1363-24
March	1371-72	+19.5	1376-45
May	1383-84	+18.5	1384

Sales: 6,852 (8,146) lots of 10 tonnes.

ICCO—Daily price for Feb 16: 90.38 (88.81). Indicator prices for Feb 17: 89.28 (89.16).

COFFEE

Commission house pressure on nearby March prompted general liquidation during a moderately active day, reports Drexel Burnham Lambert. Pockets of support restricted losses up until a weak close when prices finished around the lows.

COFFEE	Yest'day's Close	+ or —	Business Done
March	1682-85	—44.0	1720-86
May	1633-34	—25.5	1656-28
July	1531-34	—25.0	1559-30
Sept	1465-68	—25.0	1493-62
Nov	1435-40	—11.0	1450-31
January	1406-09	—8.0	1415-10
March	1360-80	—22.5	1385

Sales: 3,811 (1,999) lots of 5 tonnes.

ICO Indicators price for Feb 15 (U.S. cents per pound): Comp. daily 1979 125.35 (125.36); 15-day average 124.86 (124.90).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar	129.30	+0.50	117.95	+0.85
May	131.85	+0.75	119.55	+0.25
July	134.00	+0.70	—	—
Sep	117.10	—0.20	109.95	—0.05
Nov	119.65	—0.25	113.50	—0.05
Jan	123.00	—0.45	116.50	—0.50

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Mar 132.75, April/May 121.75, June 122 sellers transhipment east coast. English feed fob Feb 127, Mar 129.50 east coast sellers. Maize: French Feb 149 transhipment east coast seller. S. African white/yellow Mar/April 97.50 seller. Barley: English feed fob Feb 122, first half Mar 122.50, June 123.25, Sept 112.50 east coast sellers. Rest unquoted.

POTATOES

The market came under selling pressure on the opening and prices fell throughout the day to close at the lows, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
April	75.00	77.90	77.30-75.00
May	82.00	84.60	84.10-82.00
Nov	67.70	67.70	—
Feb	76.80	76.80	—

Turnover: 1,282 (432) lots of 40 tonnes.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kg. Mar 539.0, 540.0, 542.0-538.0; May 560.0, 560.0, 561.5-555.0; July 570.0, 570.0, 571.5-566.0; Oct 553.0, 554.0, 556.0-552.0; Dec 558.0, 559.0, 561.0-557.5; Mar 565.0, 570.0, 568.0-566.5; May 575.0, 580.0, untraded; July 585.0, 589.0, 588.0. Sales: 211.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Mar 356, 358, nil; May 368, 375, 369-358; Aug 393, 398, 395-392; Oct 403, 410, 406-402; Dec 409, 414, 412-409; Jan 412, 417, 414-411; Mar 420, 425, 421-419; May 429, 431, 431-428; Aug 440, 445, 441-440. Sales: 70.

RUBBER

The London physical market opened steadier, attracted speculative buying in line with the Singapore market and closed on a strong note. Lewis and Peat reported a March fob price for No 1 RSS in Kuala Lumpur of 222.5 (212.5) cents a kg and SMR 20 195.5 (189.0).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
	£ per tonne		
Mar	660-690	624-625	660-625
Apr	675-680	633-635	—
Apl-Jne	686-687	644-646	686-644
Jly-Sept	714-715	670-671	716-699
Oct-Dec	735-736	690-692	736-690
Jan-Mch	757-758	712-715	757-718
Apl-Jne	780-782	734-735	768-750
Jly-Sept	804-805	757-758	804-785
Oct-Dec	828-830	779-780	828-809

Sales: 926 (838) lots of 15 tonnes, 6 (34) lots of 5 tonnes.

Physical closing prices (buyers) were spot 66.50p (63.00p); March 67.00p (64.75p); April 68.00p (65.75p).

SOYABEAN MEAL

The market opened easier on trade selling, reports T. G. Roddick. Weak cash markets increased pressure.

	Yesterdy's Close	+ or —	Business Done
	£ per tonne		
Feb	145.00-46.0	....	144.50
April	146.50-46.8	—1.55	148.30-47.00
June	146.50-46.8	—1.70	146.60
August	147.50-47.8	—1.65	149.50-47.40
October	150.00-50.9	—2.10	152.00-50.50
Dec	156.00-57.0	—2.15	—
Feb	158.50-60.5	—2.00	—

Sales: 83 (286) lots of 100 tonnes.

SOYABEAN OIL—The market opened $2.00 easier and drifted on liquidation orders. Close (U.S. $ per tonne): Feb 400.00, 403.00, untraded; April 411.50, 412.50, 415.00-412.00; June 425.00, 426.50, 430.00-420.00; Aug 435.50, 457.50, u/t; Oct 444.00, 448.00, u/t; Dec 450.00, 460.00, u/t; Feb 460.00, 470.00, u/t. Sales: 182 (20) lots of 25 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar £115.00 (£112.00) a tonne cif Feb-Mar-April shipment. White sugar £144.00 (£140.00).

Reports that Cuba had purchased 100,000 tonnes of Thai raws lifted prices. This was later discounted as old business and all the gains were lost, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	120.75-21.00	117.65-17.70	122.50-17.00
May	122.25-22.55	120.80-21.05	124.25-20.00
Aug	130.60-30.90	129.50-29.40	132.00-28.75
Oct	136.00-36.90	135.55-35.70	138.25-35.50
Dec	141.00-42.90	140.10-42.00	145.50-42.50
March	151.25-51.75	149.75-50.75	152.50-51.50
May	155.25-56.00	152.25-56.00	155.25

Sales: 3,771 (2,774) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £220.00 (£218.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 15: Daily price 6.86 (6.89); 15-day average 6.39 (6.35).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 99 tonnes. Slow offtake brought relatively little demand. Minor orders concerned Central American and various African qualities.

MEAT/FISH

SMITHFIELD—Pence per pound: Beef: Scotch killed sides 79.3 to 84.1; Ulster hindquarters 91.0 to 95.0, forequarters 62.0 to 62.5. Veal: Dutch hinds and ends 135.0 to 138.5. Lamb: English small 84.0 to 90.0, medium 80.0 to 86.0, heavy 74.0 to 78.0; Scotch medium 82.0 to 86.0, heavy 74.0 to [illegible]

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.76p per kg lw (−0.71). GB—Sheep 186.88p per kg est dcw (−0.21). GB—Pigs 63.85p per kg lw (+0.98).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £4.00-£4.60, codlings £3.00-£4.60; large haddock £3.80-£5.00, medium £3.00-£3.60, small £1.80-£2.40; best small plaice £3.80-£4.80; saithe £2.10.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Wilkings—Spania: 5.20-5.60. Satsumas—Spania: 10 kg 4.00-4.60. Minneolas—Jaffa: 4.80-6.30 according to size. Oranges—Spania: Navels 4.00-5.50; Jaffa: Shamouti 40 5.25, 50 5.55, 60 5.85, 75 6.00, 88 6.10, 105 5.75, 123 5.65, 14 5.45, 168 5.30; Moroccan: Navels 3.80-5.00. Sevilles — Spanish: 40 lb 4.00. Lemons—Turkish: 80/150 3.50-4.00; Cyprus: 9 kg 2.80-3.80; Spania: Tray 5 kg 25/50 1.80-2.40; Jaffa: 42/49 2.00-2.30. Grapefruit — Cyprus: 27/56 3.00-4.00; Jaffa: 32 4.75, 36 4.85, 40 5.00, 48 5.10, 56 4.30, 64 3.90, 75 3.75, 88 3.40, ruby 3.50-5.50; U.S. Ruby 6.50-9.00 according to size. Apples—French: 18 kg Golden Delicious 6.00-[illegible]

AMERICAN MARKETS

NEW YORK, February 16

Precious metals rallied sharply early in the day following Chairman Volcher's testimony before the Congress, but did not hold their gains. Copper prices sold off sharply on profit-making as the market failed to penetrate some critical resistance levels; commission house selling provided most of the pressure on the market. Heating oil prices were on the defensive as news [illegible] trade hedging and local selling kept the market under pressure. Cocoa prices recovered mostly on moderate short-covering and on light trade pricing in a market characterised by very light trading. Coffee prices were under pressure as fears of opening the quotas overshadowed the concern about the light nearby delivery position. Soyabeans and grains finished moderately lower mostly on profit-taking and on evening-up ahead of the [illegible]

Aug	63.80	64.00	63.50	63.72
Oct	62.00	62.05	61.52	61.77
Dec	62.97	63.07	62.62	62.90

[illegible] and Harman bullion silver 1474.5 (1463.0) cents per troy ounce. New York tin 602.0-07.0 (605.0-09.0) cents per pound.

New Pascalis drill values

A LATEST drill value of 0.1 ounces (3 grammes) gold per ton over a core length of as much as 772 feet starting at a depth of 3.9 feet has been obtained by the Quebec Government's Soquem at the property of New Pascalis Mines, a gold exploration company controlled by Falconbridge.

Under a financing agreement Soquem has already earned a 60 per cent stake in the property which lies near Val d'Or

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

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Financial

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FOREIGN BONDS & RAILS

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Hire Purchase, etc.

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BUILDING INDUSTRY, TIMBER AND ROADS

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CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

For Lowland Drapery see LDH Group

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

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TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

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INVESTMENT TRUSTS—Cont.

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Finance, Land, etc.

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OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

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PLANTATIONS

Rubbers, Palm Oil

[illegible]

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[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
For Burma see Southwest Res					
♥Colby Res Corp..	125	......	—	—	—
Cons. Murch. 10c.	485	......	‡Q60c	1.9	‡
‡‡Explaura Gold..	5½	......	—	—	—
♥Highwood Res...	142	−3	—	—	—
Homestake Mining $1	£39⅝	−⅛	Q40c	—	0.6
Northgate C$1	480	+30	—	—	—
R.T.Z.	532	−13	16.0	1.6	4.3
Do. 9⅛% Cn Un Ln '95-2000	£117½	−1½	Q9½%	23.9	18.2
♥Sabina Inds C$1	27	−3	—	—	—
♣Southwest Res 10p.	14½	−1½	—	—	—
♥Tara Exptn $1 ..	475	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv. 20p	49	......
Bertrams	17#	......
Bdg'wtr Est. 50p	485	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	32	......
Graig Ship. £1	£21	......
Higsons Brew.	105	......
Holt (Jos) 25p	880	......
I.O.M. Stm. £1	98xd	......
Pearce (C. H.)	£12	......
Peel Hldgs.	164	......

IRISH

Stock	Price	+ or −
Exch. 15pc 1983	£100	..
Nat. 9¾% 84/89	£82	.....
Fin. 13% 97/02	£94⅛	.....
Alliance Gas	110	−5
Arnott	189	+2
Carroll (P.J.)	82	...
Concrete Prods.	48	....
Heiton (Hldgs.)	15	..
Ins. Corpn. Ireland	360	
Irish Ropes	26	...
Jacob	81	
T.M.G.	90	.
Unidare	42	.

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	15	House of Fraser	15	Utd. Drapery	7
BOC Grp.	17	I.C.I.	24	Vickers	12
B.S.R.	6	"Imps"	10	Woolworth Hld.	15
Babcock	10	I.C.L.	8		
Barclays Bank	35	Ladbroke	16	**Property**	
Beecham	35	Legal & Gen.	28	Brit. Land	7½
Blue Circle	44	Lex Service	16	Cap. Counties	12
Boots	22	Lloyds Bank	35	Land Secs.	26
Bowaters	19	"Lofs"	4	MEPC	17
Brit. Aerospace	20	London Brick	11	Peachey	14
B.A.T.	50	Lucas Inds.	12	Samuel Props.	10
Brown (J.)	4	"Mams"	12	Town & City	3
Burton Ord.	24	Mrks. & Spncr	16		
Cadburys	11	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	9	Brit. Petroleum	26
Debenhams	8½	Nat. West. Bank	38	Burmah Oil	12
Distillers	20	P & O Dfd.	14	Charterhall	5
Dunlop	5½	Plessey	50	KCA	8
Eagle Star	30	Racal Elect.	45	Premier	4
F.N.F.C.	4	R.H.M.	6	Shell	35
Gen. Accident	30	Rank Org. Ord.	15	Tricentrol	22
Gen. Electric	24	Reed Intnl.	26	Ultramar	42
Glaxo	90	Sears	9		
Grand Met.	25	T.I.	13	**Mines**	
G.U.S. 'A'	50	Tesco	8	Charter Cons.	20
Guardian	35	Thorn EMI	38	Cons. Gold	40
G.K.N.	15	Trust Houses	13	Lonrho	8
Hawker Sidd.	30	Turner & Newall	4	Rio T. Zinc	42
		Unilever	65		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Further weakening of the dollar

The dollar fell quite sharply in late European trading, responding to Federal Reserve Board chairman, Mr Paul Volcker's statement to the U.S. Congress. Mr Volcker's comment that money supply growth is likely to be less rapid this year than last encouraged hopes of lower interest rates. *Latest figures on* industrial production also showed a smaller than expected rise, indicating that the economy would benefit from an early cut in the *discount rate*. Earlier in the day the dollar seemed to gain slightly on the decision of the West German Constitutional Court to allow the March 6 general election.

Sterling was steady for most of the morning, despite expectations of a cut in the price of North Sea oil, and finished firmer against the dollar, but weaker against Continental currencies.

DOLLAR — Trade-weighted index (Bank of England) 118.8 against 122.6 six months ago. The *dollar is much stronger than* at the start of the year as the expected fall in U.S. interest rates has failed to materialise. High Federal funding requirements have also kept rates firm although a softer trend has developed recently on speculation of an easing of monetary policy and signs of an economic recovery in the U.S.

The dollar fell to DM 2.3890 from DM 2.4065 against the D-mark; to FFr 6.7725 from FFr 6.8250 against the French franc; to SwFr 1.9825 from SwFr 1.9940 in terms of the Swiss franc; and to Y232.75 from Y233.75 *against* the Japanese yen.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5150. January average 1.5735. *Trade-weighted* index 80.7 at the close, noon and opening, compared with 80.8 on Tuesday, and 91.1 six months ago. The pound is showing signs *of stability after a period of* extreme weakness caused by fears of lower world oil prices and uncertainty about an early general election. Although steadier at these lower levels sterling still appears vulnerable despite an encouraging look to economic fundamentals.

Sterling was steady at $1.5420-1.5445, until falling to a low of $1.5370-1.5380. It then recovered, and touched a peak of $1.5520-1.5530 in the late afternoon, before closing at $1.5485-1.5495, a rise of 75 points on the day. The pound fell to DM 3.7025 *from* DM 3.7125; to FFr 10.4875 from FFr 10.52; and to SwFr 3.0725 from SwFr 3.0750, but improved to Y360.75 from Y360.50.

D-MARK — Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. January average 2.3900. Trade weighted index 128.7 against 124.4 six months *ago*. The D-mark has been unsettled in the run up to a March general election. Favourable trade figures and little hope of a cut in rates before March have helped to underpin the currency however and sentiment has improved recently on a weakening in the dollar.

There was little reaction in Frankfurt to the West German supreme court announcement that the March election was to go ahead. The dollar dipped about 20 points soon after the news but recovered later in the day. It was fixed at DM 2.4065 up from DM 2.3953 on Tuesday in rather featureless trading. Sterling was fixed at DM 3.7070 against DM 3.712 previously and the Swiss franc showed little change at DM 1.2048 compared with DM 1.2060.

BELGIAN FRANC — Trading range against the dollar in 1982-83 is 50.21 to 38.12. January average 46.89. Trade weighted index 94.1 against *94.6 six months* ago. The Belgian franc has fallen against the stronger EMS members over the past year and rumours of a realignment are heard from time to *time. It is* new very weak against the Dutch guilder.

The Belgian central bank spent the equivalent of *BFr 9.8bn* last week in defending the Belgian franc, up from BFr 8.1bn the previous week. The franc has been trading around its divergence limit for some time now with renewed weakness exacerbated by sales of Belgian francs by the French authorities in order to keep pressure off the French franc, notably against the D-mark. At *yesterday's fixing in Brussels the* D-mark eased to BFr 19.6607½ from BFr 19.6850 and the Dutch guilder slipped to BFr 17.81 from BFr 17.8227½. The dollar was firmer at BFr 47.4250 from BFr 47.14 while sterling fell to BFr 72.9550 from BFr 73.05.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.0482	+0.17	+1.57	±1.5501
Danish Krone ...	8.23400	8.10164	−1.61	−0.21	±1.6430
German D-Mark	2.33379	2.29012	−1.87	−0.47	±1.0898
French Franc ..	6.61387	6.49319	−1.82	−0.42	±1.3940
Dutch Guilder ...	2.57971	2.52880	−1.97	−0.57	±1.5004
Irish Punt...	0.691011	0.688997	−0.29	+1.11	±1.6691
Italian Lira	1350.27	1318.30	−2.37	−1.53	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

Feb. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.710416	0.617143
U.S. $	8½	1.09833	0.949782
Canadian$ ..	9.76	•	1.16424
Austria Sch	4¾	18.5145	16.1083
Belgian F ...	11½	51.8512	45.0482
Danish Kr ...	10	9.31244	8.10164
D mark	5	2.63329	2.29012
Guilder	4½	2.91044	2.52880
French F.....	9½	7.47728	6.49319

THE POUND SPOT AND FORWARD

Feb 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Italy	2.129-2.140	2,134½-2,138½	12-16 lire dis	−7.87	56-60 dis	−10.77
Norway	10.87-10.92	10.90¼-10.91½	1¼-2¼ore dis	−1.79	7¼-8¼ dis	−2.84
France	10.47½-10.54	10.48¼-10.49¼	7½-9c dis	−9.44	29½-31½dis	−11.63
Sweden	11.37-11.43	11.40-11.41	par-⅞ore dis	−0.39	1¼-2½ dis	−0.74
Japan	358-363	360¼-361¼	1.40-1.20y pm	4.32	4.10-3.90 pm	4.43
Austria	25.95-26.15	26.03-26.08	11⅛-9⅞gro pm	5.01	33⅛-29 pm	4.83
Switz.	3.06-3.09	3.06¼-3.07¼	2⅛-1⅞c pm	8.03	6½-6 pm	8.14

Belgian rate is for convertible francs. Financial franc 75.95-76.05. Six-month forward dollar 1.13-1.08c pm, 12-month 1.45-1.30c pm.

THE DOLLAR SPOT AND FORWARD

Feb 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Italy	1,376-1,388	1,378½-1,379½	12-13 lire dis	−10.86	44-46 dis	−13.04
Norway	7.0475-7.0810	7.0475-7.0575	1¾-2¼ore dis	−3.82	7.40-8.40dis	−4.47
France	6.7650-6.8375	6.7700-6.7750	6¾-6¾c dis	−11.50	23-24 dis	−13.86
Sweden	7.3720-7.4040	7.3725-7.3825	1.30-1.80ore dis	−2.52	4.40-4.90dis	−2.52
Japan	232.15-235.15	232.70-232.80	0.45-0.38y pm	2.14	1.45-1.35 pm	2.41
Austria	16.80-16.95	16.80½-16.81½	4¼-3¼gro pm	2.76	14-11½ pm	3.02
Switz.	1.9750-2.0035	1.9820-1.9830	1.03-0.97c pm	6.05	3.10-3.05 pm	6.20

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.00-49.10.

EXCHANGE CROSS RATES

Feb. 16	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.549	3.703	360.8	10.488	3.073	4.095	2136.	1.895	73.00
U.S. Dollar	0.646	1.	2.390	232.9	6.770	1.984	2.644	1379.	1.223	47.13
Deutschemark	0.270	0.418	1.	97.43	2.833	0.830	1.106	576.8	0.512	19.72
Japanese Yen 1,000	2.772	4.294	10.26	1000.	29.07	8.517	11.35	5920.	5.252	202.4
French Franc 10	0.954	1.477	3.530	344.0	10.	2.930	3.905	2036.	1.806	69.61
Swiss Franc	0.325	0.504	1.205	117.4	3.413	1.	1.333	695.0	0.617	23.76
Dutch Guilder	0.244	0.378	0.904	88.10	2.561	0.750	1.	521.5	0.463	17.83
Italian Lira 1,000	0.468	0.725	1.734	168.9	4.911	1.439	1.918	1000.	0.887	34.18
Canadian Dollar	0.528	0.818	1.954	190.4	5.536	1.628	2.162	1127.	1.	38.53
Belgian Franc 100	1.370	2.122	5.072	494.2	14.37	4.209	5.610	2925.	2.595	100.

MONEY MARKETS

Late easing in UK rates

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

Fixed period interest rates were slightly easier in late London *money market trading* as the testimony before the U.S. Congress of Mr Paul Volcker, Federal Reserve Board chairman, led to hopes of an early cut *in the U.S. discount rate*. On the other hand the substantial market shortage kept the seven-day interbank rate firm throughout. Overnight money moved within a narrow range for the most part, but fell to 9 per cent towards the close, before finishing at 11 per cent.

The Bank of England forecast a money market shortage of £650m, which was revised to £700m at noon. The main factors draining funds from the market were: bills maturing in official hands and a take-up of *Treasury bills from the market* of £102m: the unwinding of repurchase agreements of £490m; Exchequer transactions of £50m; and a rise in the note circulation of £50m.

Almost all the assistance was provided before lunch when the authorities gave help of £637m, including outright purchases of £36m bank bills in band 1 (up to 14 days maturity) at 11 per cent; £298m bank bills in band 2 (15-33 days) at 11 per cent; and £20m bank bills in band 3 (34-63 days) at 11 per cent. Apart from the £354m bills bought outright the Bank of England also purchased £283m bills for resale on February 23 at 11-11$\frac{1}{16}$ per cent. In the afternoon £9m *bank bills were bought outright* in band 2 at 11 per cent.

In Paris the Bank of France offered to buy first category paper from the money market *for value February 21, at a rate* to be announced tomorrow. Call money rose to 12¾ per cent *from* 12½ per cent, and fixed period rates were also firmer yesterday.

In Frankfurt the Bundesbank announced that it will not hold a *Press conference after today's* council meeting. Market observers consider it unlikely that the central bank will change its discount rate ahead of the *March 6 general election.*

In Amsterdam call money was steady at 5 per cent, *in line with* the special advance of Fl 3.3297bn allocated by the Dutch central bank for seven days from today. Allocations were made *in full for the first* Fl 500m and at 50 per cent for the balance, which together with the new three-month quota facility is expected to nearly *cover money market requirements* for the coming week.

LONDON MONEY RATES

Feb. 16 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9-12	—	—	—	11¼-11¾	10½-11¼	—	—	—
2 days notice	—	—	11¼-11⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11¾	—	—	—	—
7 days notice	—	11⅝-11⅝	11¼-11⅜	—	—	11⅝-11¾	11-11⅛	—	—	—
One month	11½-11⅜	11⅜-11½	11¼	12-11⅝	11⅝	11⅝	11	11-11$\frac{1}{16}$	11-11$\frac{1}{16}$	11⅝
Two months	[illegible]	[illegible]	11¼	11⅞-11⅓	11⅜	11½	10⅞	[illegible]-10⅞	[illegible]-10⅞	11½
Three months	[illegible]	11⅞-11¼	11⅛	11¾-11⅜	11⅛	—	10¾	10¾-[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	11	10½-10⅛	11	—	—	—	[illegible]	[illegible]
Nine months	10⅝-10½	10¾-10⅞	—	11⅛-10¾	10⅞	—	—	—	—	—
One year	[illegible]-10½	10¾-10⅞	10⅝	10⅞-10½	10⅞	—	—	—	—	—
Two years	—	—	11¼	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 5 to February 1 1983 (inclusive) 11 327 per cent

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

MONEY RATES

FT LONDON INTERBANK FIXING

FINANCIAL FUTURES

Increased volume

Prices moved sharply higher in the London International Financial Futures Exchange yesterday as the market reacted favourably to comments made by Federal chairman Paul Volcker. His testimony to Congress was basically in line with what the market had been looking for with no tightening in money supply targets and a brighter outlook on interest rates. In addition January's Industrial Production index showed a rise of 0.9 per cent and although this was about what had been expected, there was still a general feeling of relief in the market. The March price opened at 90.77 down from 90.86 and finished at 90.89.

Gilt prices were marked down initially with sterling tending to slip in early trading. However, prices soon rallied and touched levels only bettered in late trading after Mr Volcker's speech. Dealers noted an encouraging improvement in volume with increased liquidity and the recent bullish trend tending to promote a much wider and more active participation. Rollover and pure spread trading saw 330 lots traded in the June contract although the lion's share of the market remained in March with 1,588 lots traded. The March price opened at 102-00 down from Tuesday's close of 102-14 and touched a low of 101-18 before recovering to close at 102-10.

Most of the day's activity in the short sterling sector centred on the June contract with 502 lots traded. The June price eased from an opening level of 89.85 on a tight cash market to a low of 89.82 but rose in the afternoon to close at 89.98.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.89	90.90	90.68	90.86
June	90.59	90.60	90.39	90.53
Sept	90.16	90.16	90.08	90.20
Dec	89.90	89.93	89.84	89.96
March	89.69	—	—	89.71

Volume 1,615 (1,174)
Previous day's open int 3,078 (3,065)

THREE-MONTH STERLING DEPOSIT

Volume 59 (88)
Previous day's open int 362 (351)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	74.19	74.27	73.23	73.31
June	73.26	74.03	73.01	73.08
Sept	73.07	73.17	72.15	72.22
Dec	72.25	73.00	72.04	72.09
March	72.15	72.22	71.26	71.31
June	72.07	72.10	71.21	71.23
Sept	72.00	72.04	71.15	71.17
Dec	71.26	71.31	71.10	71.12
March	71.23	71.27	71.06	71.08

COMPANY NOTICES

GESTETNER HOLDINGS PLC

THE ANNUAL GENERAL MEETING will be held at 10.00 am on 16th March 1983 at Gestetner House, 210 Euston Road, London NW1 for the purposes of:

1. Receiving and adopting the report and accounts.
2. Declaring the final dividends recommended in the directors' report.
3. Re-appointing Deloitte Haskins and Sells as auditors of the company until the conclusion of its next annual general meeting and authorising the directors to fix their remuneration.
4. Re-electing to the board Sir Kenneth Clucas, KCB, who having been appointed a director during the year, retires in accordance with the articles of association and offers himself for re-election.
5. *Re-electing to the board Mr A. E. Singer*, who retires by rotation.

AND, as special business, considering and if thought fit passing the following special resolution:

6. THAT the articles of association of the company be and are *hereby amended by the substitution in article 83 of* "twelve" for "ten."

Holders of share warrants to bearer who wish to attend or be represented at the meeting without warrants should deposit with the Company's Registrars, Barclays Bank plc, Registration Department, Radbroke Hall, Knutsford, Cheshire WA16 9EU, not later than seventy-two hours before the meeting, voting instructions, if not attending, and the certificate of a banker, solicitor, or stockbroker, that such warrants are held to the order of the Registrars until the termination of the meeting or any adjournment thereof.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote for him. A proxy need not be a member of the company. To be effective, such proxies must be received by the registrars not less than forty-eight hours before the time fixed for the meeting. *Appointment of a proxy will not prevent* a member from attending and voting in person. Directors' contracts are available for inspection at the registered office until the date of the meeting and at the place of the meeting from 9.45 am until its conclusion.

41 Fawley Road
London N17 9LT
8th February 1983

By order of the board
R. L. E. LEWIS
Secretary

ELDERS IXL LIMITED

NOTICE IS HEREBY GIVEN that an Interim Dividend at the rate of 8 cents per share (7 cents per share last year), has this day been declared payable on 6 May 1983.

The Registers of Members and Transfer Books will close at 5 pm on 20 April 1983, for the purpose of determining entitlements to the Interim Dividend.

SONATRACH

US$50,000,000 Floating Rate Serial Notes due 1991

NOTICE IS HEREBY GIVEN that the Rate of Interest has been fixed at 10½% and the Coupon Amount payable August 17, 1983 against Coupon No. 9 will be US$527.92.

By: CITIBANK, N.A., LONDON
Agent Bank

February 17, 1983

PUBLIC NOTICES

PERSONAL

Authorised Units—continued

Insurances—continued

Offshore and Overseas—continued

ART GALLERIES

FINANCIAL TIMES

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FINANCIAL TIMES SURVEY

Bedford-design 53-seater with an aluminium body which goes into production soon in Northern Ireland

Buses and Coaches

The Leyland Titan. London Transport orders for double-deckers are shared with Metro-Cammel

Relaxation of controls is now producing benefits for the consumer and fierce competition among coach operators over long-distance routes. A general decline in bus use has resulted in part from inadequate policies, as Hazel Duffy reports

THE BUS and coach industry—operators and manufacturers—is at a critical stage of its development. Since the 1980 Transport Act, there have been substantial changes in the structure of the coach sector with consequent effects on the manufacturing industry.

Bus services in the public transport area have been confronted with different issues, political and economic, which many operators believe can only lead to a further contraction of the sector.

In autumn 1980, licensing and fares control of express coach services was removed. The Government's aim was to stimulate competition in an area which had been tightly controlled, introducing the first major change in licensing procedure for 50 years.

The deregulation — or relaxation of controls, as some operators prefer to call it — applied only to the operation of services between two or more points, but not to so-called stage services with the exception of one or two experimental zones.

Measurement of the success or otherwise of the policy in statistical terms is not possible because the figures have not been collected. The use of more subjective means, however, makes some sort of assessment possible, leading to the conclusion that the customer at least has probably been the main beneficiary with lower fares and better service and comforts.

The initial response to deregulation was feverish activity on certain plum long-distance routes, such as London-Glasgow, with new services being started in competition with the State-owned sector. Several independent operators, including Wallace Arnold and Grey Green, formed British Coachways as a marketing operation to challenge National Express, the express coach service subsidiary of the National Bus Company, and its Scottish equivalent, the Scottish Bus Group.

Luxury

Fares were slashed in a sector of transport which had normally been cheaper than the rail alternative, and new luxury services started up which offered superior facilities to the standard form of coach travel. National Express, however, quickly proved that it was not only in a position to react to the competition, but that it had also successfully anticipated it.

The competition has since intensified with British Rail introducing Saver routes, and Supersavers, which the coach operators say are impossible to match.

Certain practical difficulties for the independent operators who were known for their fierce sense of independence also built up. The two major operators in British Coachways pulled out about 18 months ago, and the group—although still officially alive—is struggling to retain its purpose.

National Express, on the other hand, has clearly benefited in terms of passenger growth: in 1981, the number of passengers carried rose to nearly 14m (9.2m in 1980). Growth in 1982 was not expected to be on anything like the same scale, but nevertheless has exceeded National Express' forecasts, at an estimated 8 per cent, with the result that 55-60 per cent of long-distance services in England and Wales are accounted for by National Express.

The gains of National Express have not all been at the expense of the independent operators. Several have formed joint operations with National Express, the independent operator contributing most of the equipment, and his local reputation, while National Express offers the facilities of its coach station at Victoria and national marketing facilities.

New services are still being set up by independents. Len Wright Travel, for instance, recently started a London-Manchester executive-style service. In general, however, the prospect of a "Laker of the coachways" emerging—as Mr Norman Fowler, the Transport Secretary, suggested when the Act was passed—seems remote.

The effects of the growth in long-distance coach travel, and particularly the rise of executive-style coach travel, has been important for the manufacturers. The demand for premium coaches has been satisfied largely by Continental companies, such as Bova, Van Hool, Daf, MAN.

In the past few months, Hestair Dennis and Leyland Bus have brought out new models to compete with imported models. But the price competition and terms of sale will continue to make this a tough market for the British manufacturer to establish a reasonable share.

The 1980 Act has also led to an increase in commuter coach services, although the expansion has not been without its casualties, notably Olsen's in the Medway area which collapsed a year ago. The operation of commuter coaches is finely tuned to the needs of the passengers—they must be reliable, and cheaper than British Rail—while the operator can find himself left with equipment which is unused for most of the day awaiting the return of commuters.

Nevertheless, the concept has caught on in particular areas—the Medway towns, Berkshire, and parts of Surrey, where Epsom Coaches is about to start a new service to Victoria.

Profitable coach operations have traditionally helped to prop up the loss-making bus routes where they come under the same banner. This is the case with the National Bus Company's operating companies throughout England and Wales, and those services run directly by passenger transport authorities.

A national campaign launched late last year by the Bus and Coach Council, designed to stress the importance of the bus in the provision of public transport, has drawn attention to the danger posed to cross-subsidisation by the competition on long distance coach services.

Bus usage has been declining in Britain for the past 30 years, a process which the BCC is hoping to arrest by demonstrating the importance of buses to those people who do not have access to cars as well as its potential for reducing traffic congestion if given greater priority in the total transport scene than at present.

The bus issue is tied closely to fare levels and the degree to which they are subsidised by national and local taxes, which in itself has become a highly political subject in the past 18 months. The Government's Transport Bill, which is expected to be enacted by the end of March, will stipulate guidelines around which it is deemed reasonable for authorities to subsidise fares from the rates.

The Bill has aroused intense opposition from the Labour-controlled metropolitan authorities and the Greater London Council, and mav well not achieve the stability in fare levels which the Government says it wants.

Evidence that the decline in bus usage can be stopped if fares are very competitive is provided in some areas, notably South Yorkshire. Many Continental cities also have a more innovative policy towards bus transport, integrating it with metros and rail services where appropriate—a practice which hardly exists in Britain outside Tyne and Wear.

The uncertainties surrounding local transport provision generally, and the phasing out in 1984 of the bus grant—designed to encourage bus operators to modernise their equipment — have been identified as major factors contributing to the problems in the bus manufacturing industry.

Most bus operators buy British-made buses, although Continental bus manufacturers, which generally speaking are part of the major commercial vehicle manufacturing groups, have made some inroads. Midland Red, for instance, recently took delivery of five MAN articulated buses which will operate in Redditch for a one-year trial period.

The bus manufacturers form a highly-competitive industry which is intent on securing orders from authorities in countries which do not have an indigenous industry. To be successful, the manufacturers argue, they need a healthy home market.

Transfer

The announcement recentiv by Leyland Bus that it will close its Bristol plant and transfer double deck chassis assembly to Workington, demonstrates the problems in a market in which sales have fallen from 2,277 double deckers in 1980 to a projected 1,100 in 1983.

Public subsidy is only a part of the formula that goes to make up bus operations. Most operators, London Transport being the major exception, have made nearly all their fleets one-man operations; the manufacturers have striven to incorporate greater operating and maintenance efficiency into their designs, and the so-called "second generation" rear-engined buses are overcoming many of the maintenance problems that beset the earlier designs.

New designs, some still at the development stage, leaning towards the guided bus concept that could operate without drivers, are very much on the horizon. The bus industry has exciting possibilities, but the financial support afforded by some of the major commercial vehicle groups for their bus development plans will be hard for the British industry to match.

CONTENTS

Industry undergoing rapid change

BRITAIN'S bus and coach operators are experiencing a period of unprecedented change. Bus and coach travel is declining steadily in Britain, while it is expanding in almost every other country in the Western world, with the exception of Greece.

At the same time in Britain, the framework of law affecting the industry is changing rapidly, with much greater competition among express coach operators arising from the deregulation of this sector.

These changes, made possible under the Transport Act 1980, have simultaneously forced a virtual end to the practice of cross-subsidisation between commercial routes and unprofitable, socially-necessary ones.

It is argued by some operators and by the Bus and Coach Council, which represents public and private operators who *run 98 per cent of the buses* and two-thirds of the coaches in Britain, that this could lead to a further decline in the use made of buses.

Further problems for the industry are also forecast for the time, expected soon, when the Government imposes constraints on the level of support *from rates for revenue from* bus fares. These constraints, in the form of guidelines, are in the latest Transport Bill.

This is going through its final stages in Parliament and could be on the statute book by the end of March, in time to influence the way passenger transport authorities and London Transport determine fare levels for 1983-84.

It is possible that one effect of the new legislation will be to force fares up by restraining the level of subsidy permitted for revenue support. The Government's transport statistics show that between 1975 and 1980, the bus fares index rose from 100 to 231. Over the same period the retail price index rose from 100 to 196.

On top of these changes comes the planned phasing-out of the new bus grant to operators. Grants towards the purchase of new buses were introduced under the Transport Act 1968, with the aim of making bus travel more attractive and more efficient. The grant was set at 25 per cent of the purchase cost in its first year of operation, 1969-70.

The Bus and Coach Council believes that the grant enabled the industry to modernise its fleets and take advantage of the latest technical developments more quickly than would otherwise have been the case. "It also expedited one-person operation buses in many areas, thus reducing costs and labour," the council said.

The current plan is that the grant will be totally phase out by April 1 1984, with grant payable at 10 per cent for the final year, 1983-84.

Concern

The rate of change facing the bus industry, including abolition of the new bus grant, is causing concern among operators. The Bus and Coach Council estimates that the grant represnted 20 per cent of all support for the industry in 1979-80. This support will have disappeared completely by spring next year.

Other changes are planned for the state-owned National Bus Company, the largest single operator in Britain and made up of 34 local and regional bus operators. The Government has imposed a tight financial framework for National Bus and at the same time has plans to introduce private-sector capital into some sectors of NBC's business, notably the express coach services and possibly property.

In 1981, the latest year for which figures are available, National Bus as a whole had *53 per cent of the 15m passenger* journeys on express coaches. The balance was accounted for by other public operators, which 1m passenger journeys, *and* by *private operators* who operated 6m passenger journeys.

National Bus also accounted for a substantial share of the stage carriage service with 26 per cent of the total of 5,687m passenger journeys in 1981. This compares with the 4,040m passenger journeys, 71 per cent of the total, operated by other public operators and the 176m passenger journeys by private companies on stage carriage bus services.

Share

In the excursion and tour business using buses and *coaches, the total market of* 24m passenger journeys in 1981 is dominated by the private sector, where operators account for 70 per cent of the business *with 17m passenger journeys.* National Bus has a quarter of the market.

The business of buses and coaches under contract is again very largely dominated by the private sector, which had 80 per cent of the total market of 347m passenger journeys in 1981.

National Bus and other public sector operators each accounted for about 10 per cent of the market.

TURNOVER OF THE BRITISH BUS AND COACH INDUSTRY—1981
(£m)

	Revenue from Passengers (†)	Support Payments to Operators	Fuel Duty Rebate	Total Turnover	Support as a % of Turnover
Stage	1,328.2	498	93	1919.2	26
Express	41.1	—	—	41.1	—
Excursions and tours	53.9	—	—	53.9	—
Contract and private hire	330.6	—	—	330.6	—
TOTAL	1,753.8	498	93	2,344.8	21

† Includes compensation to operators for concessionary fare schemes.

Support payments to stage carriage operators (GB)

	1975	1980	1981
Local authority grants	407	280	400
New bus grants	68	89	56
Infrastructure	4	1	1
Depreciation and renewal from GLC	18	31	27
Capital grants from GLC	—	1	14
	497	402	498
Support Payments Index (1975=100)	100	81	100

Source: Bus and Coach Council, January 1983

The private operators also dominate the private hire bus and coach hire sector, with 86 per cent of the total market of 196m passenger journeys in the private hire sector, 5 per cent of the market and other public operators have 16m passenger journeys.

These figures show that National Bus had about a quarter of the total bus and coach market of 6,269m passen*ger journeys in 1981. Other* public operators accounted for 65 per cent of the total and private operators had about 10 per cent of the market.

The figures show that the bus and coach market is diverse and subject to competitive pressures from the public and private sectors, even without the changes to the legal framework governing much of the industry.

The Transport Act 1980 caused National Bus, as the biggest single operator, to rethink its whole philosophy of cross-subsidisation. The rethink is not complete, however, and the company, with Leeds University, is carrying out a major exercise to understand more about cross-subsidisation.

The result, when the report is finished in September, could mean "some fundamental changes for us," Mr Brian Barrett, the company's group marketing manager, said. *He is* certain that the debate about cross-subsidisation, between profitable commercial routes non-profit-making socially-important urban routes, would have come anyway. The Transport Act 1980 simply speeded it up.

National Bus has already started to switch resources "much more towards the express coach services," Mr Barrett said.

With the decline in bus and coach patronage in Britain at a time of rising costs and fares, Government constraints on rate support for fares and the increasing attention paid to the *efficiency of public transport,* bus operators increasingly are examining local transport from the point of view of "need" for the service and are trying to separate *this factor* from "demand" for the service.

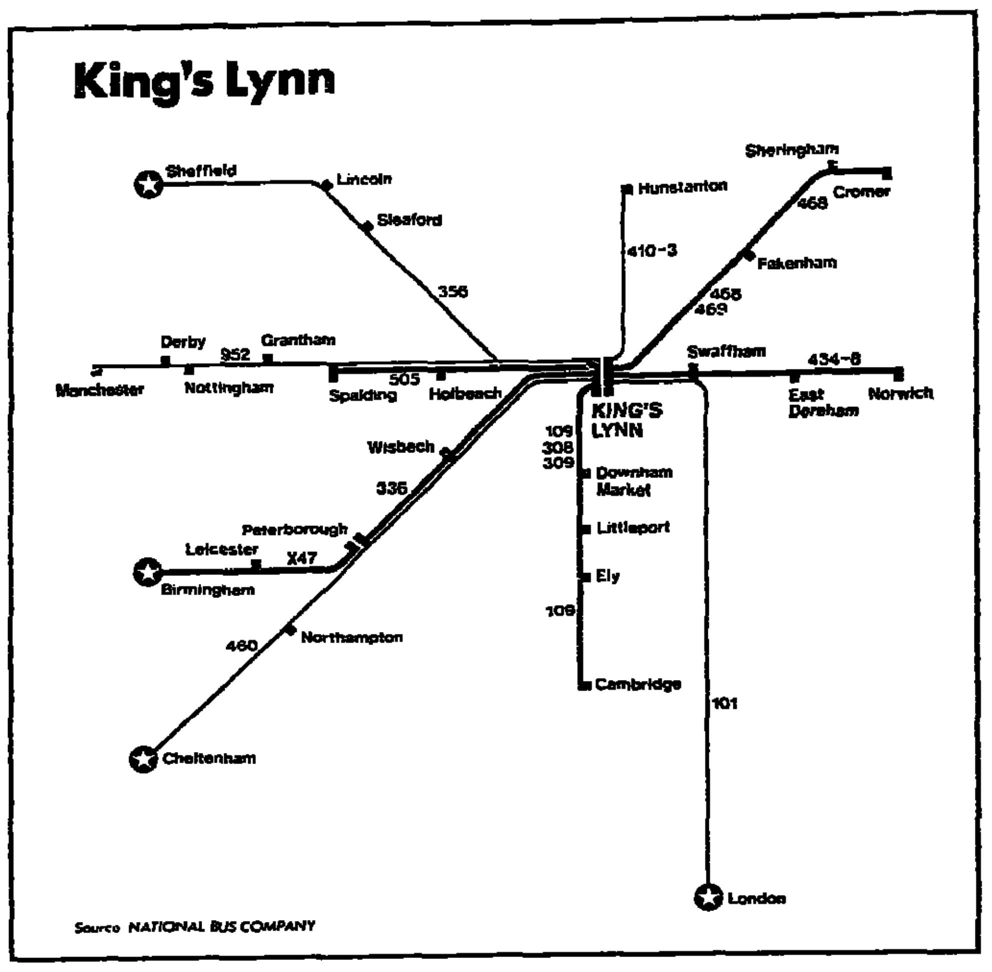
National Bus led the field in examining precisely what the passenger wants with its innovative Market Analysis Project, MAP. The results of this study have already been applied to almost all the NBC operations and the Scottish Bus Group and local transport in Southampton, Manchester and Brighton. MAP was done on a catchment area basis and took into account demographic data as well as passengers' wants.

The Market Analysis Project involved the analysis of 8m passenger survey forms over a two-year period, making it one of the most comprehensive surveys of the bus industry so far undertaken.

The aim is to balance bus supply and demand "in a way that the passenger wants," Mr Barrett said.

With the information of MAP at its disposal, National Bus has been able to define its current strategy "to meet its statutory responsibilities to break even (*after paying interest on its* capital debt) with a broad social responsibility within a network of cross-subsidised services.

To help counter the continuing decline in the sector of the bus market where people *have* to use a bus to travel (accounting for 80 per cent of the company activities by volume), the company plans to increase its market share of the growing leisure market (which accounts for 20 per cent of its activities).



Source NATIONAL BUS COMPANY

Example map of the kind National Bus plans to use in its new marketing campaign. Each town and city is to be shown at the centre of the network so that passengers will be using a "tailor-made" service

With stage carriage bus services showing the greatest rates of decline in the bus business acording to National Bus, the company's emphasis is on encouraging a redistribution of the available market. "At the moment there is too much public transport chasing too few passengers," Mr Barrett said.

Part of National Bus's new strategy involves a deliberate move away from cross-subsidisation of routes towards a "market segmentation" approach based on separate revenue and cost relationships.

"Cross-subsidisation is wrong in business, operating and moral terms," Mr Barrett said, "and the more the *industry* declines the less we are able to cross-subsidise."

But that is not to say that loss-making rural services should not be supported financially by somebody. "If all bus services had to cover 95 per cent of their costs, then at present 80 per cent of rural services would not be provided."

Marketing

A crucial element of National Bus's evolving market strategy involves the identification of what it describes as a "promotable product," as opposed to a socially necessary service, which is in decline.

The idea is for National Bus to start marketing its services from individual towns and cities *as if, from the viewpoint of the* passenger, each town were the centre in Britain for bus services.

No longer will local bus maps *show London as the inevitable* starting point for services. Instead, to take King's Lynn, as an example, it will be shown to have its own bus network *radiating out from the town.* London becomes just one of several destinations on the end of the "King's Lynn bus network."

Every town over 50,000 people is to have its own network and map, and possibly also every town over 25,000 people.

National Bus plans to provide this "tailor-made" service by combining the best existing stage carriage inter-urban services in an area, with regional express buses and National Express buses.

"These maps and the service will be one of our best selling advantages over British Rail, which does not have the network to do the same." Mr Barrett said.

Lynton McLain

Consumers seek better services

THE SEVERAL hundred consumer activists from all parts of the country who will meet in Sheffield next month for the annual National Consumer Congress are certain to have one issue in particular on the agenda: the problem of transport facilities, especially bus services in rural areas.

Two years ago, a special poll of delegates to that year's congress revealed that *such transport* issues were given the highest priority for action by the various consumer lobby groups.

Since then, a number of special reports have been published by these groups with a dual purpose in mind: to increase consumer representation in the transport industries, and to improve services for the less fortunate user of bus and coach facilities.

The reason for consumer *activists focusing* so much of their attention on bus services in particular was highlighted by a recent report from the Bus and Coach *Council. This* revealed that 16m people in Great Britain live in households where there is no car and, even in households with cars, many women do not have access to the family car.

Research has also shown that seven out of every ten women do not have driving licences.

According to the report: "There are many women who are completely reliant on the bus for *their mobility,* especially for shopping or travelling to work." In addition, about 60 per cent of women now go out to work and they account for a large proportion of bus use.

The report also stresses that pensioners, children and young women are particularly dependent on bus services.

According to research carried out by the National Consumer Council, consumers were most concerned about three main areas of public transport: its cost, its availability and frequency, and its quality (such as reliability, comfort, and cleanliness).

Not surprisingly, fares were the greatest cause for concern. Some 51 per cent of bus users in the survey (which covered 2,000 consumers) felt that bus fares were unreasonable—about the same number as felt similarly about train fares. However, only 12 per cent thought that coach fares were unreasonable.

On the information provided about bus services, only a minority—8 per cent—reported difficulties. Follow-up research found that these consumers were most worried by: changes to schedules (often without notification); the absence of information at bus stops; lack of printed timetables; and a lack of information about unreliable services.

Late for work

In one survey a man in Scotland commented: "The *bus services were all changed* and we were not notified; I was late for work one morning because the bus came early. I inquired at the Transport Office and they didn't know the times of the buses were changed."

The NCC, in its conclusion to the research work, argues that if the transport system is to be designed and operated with the user in mind, then attention must be devoted to:

- Charging fares that are reasonable, and providing mechanisms to ensure that the best possible services are provided at the most efficient cost;
- Providing services that adequately meet users' needs in terms of availability and frequency;
- Ensuring that services are of adequate quality;
- Providing the means to allow users to voice their dissatisfactions, and more constructive comments.

The report says that there are no new consumer transport policies being advocated: rather that "it is perhaps depressing that so many of the old arguments remain unheard and unanswered."

David Churchill

Pressure on the State-owned company to cut uneconomic services

National Bus given tight rein on costs

THE STATE-OWNED National Bus Company is by far the largest bus and coach operator in England and Wales. It is the holding company for 34 subsidiary companies which operate 15,000 buses and coaches on a regional basis, providing a comprehensive service of local bus services in cities, towns and rural areas.

Lord Shepherd: a call for rules

The largest part of its turnover is generated from stage carriage operations, ie, the provision of stopping services. The National Bus also operates National Express, providing long-distance coach travel, and National Holidays, and is also involved in coach hire operations.

The company, working to a tight financial regime set by the Government, has made no secret of the fact that, along with productivity improvements, it can live within this regime only by reducing the mileage of its uneconomic services. Lord Shepherd, chairman, emphasised in the last annual report that mileage cuts of 8 *per cent were necessary to re*-establish financial stability and take the first steps towards meeting the financial target set by the Government.

He said that "little consolation" could be drawn "from a cut of this magnitude. For two years in succession we have had to sustain severe reductions in manpower, mileage and frequencies—a very high price to pay for successful financial performance, both for our own staff and our customers."

National Express, operating in the competitive express coach travel market opened up by the 1980 Transport Act, is a quite different proposition. Many observers of the coach business regard National Express, perhaps ironically, as the greatest beneficiary of the liberalisation of coach licensing.

The new awareness of coach travel ushered in by the legislation found National Express ready to meet the challenge posed by new low fares and a public demand for executive-style coach services. National Express estimates that it now accounts for between 55 and 60 per cent of express coach travel.

National Bus has also been quick to seize other opportunities to expand services where possible with the provision of new airport coaches and increases on some Green Line services, shopper buses, community buses, and so on.

Provision for introducing private sector capital into National Bus was made possible in the 1982 Transport Act as part of the Government's plans for privatising parts of the public sector.

The Government's intention is that this should apply to the profitable part of National Bus operations, ie the coach activities.

National Bus has resisted the plans vigorously, except where they relate to the development of property owned by National Bus, on the grounds that it is an integrated company and that the activities of some parts of the company must rightly subsidise the activities of others.

Lord Shepherd argued last summer that it is important for the commercial activities of National Bus to be allowed to support socially necessary services, and called for "nationally agreed rules" on the degree of cross-subsidy between the commercial and the social routes. At the same time, however, he has welcomed the opportunities presented by private capital participation in property development, which will enable National Bus to improve its passenger coach and bus stations.

Merits

There has been little progress on the merits or otherwise of *National Bus operating as an* integrated company although the impression is that the Government is not pushing the issue very hard at the moment.

On another issue which National Bus is hoping will be resolved by the Government—a change in the National Bus capital structure to remove its debt burden—a decision is still awaited. Consultants commissioned jointly by the company and the Department of Transport reported last year recommending "a new method of allocating interest" between subsidiary companies.

Relations between National Bus and its sponsoring department in government have been generally good over the years, the company often being regarded as a model of rectitude in its achievements on productivity and the way that it has slimmed its business to stay within its financial regime.

These two issues, however, have weakened the relationship to a certain extent, while there is a definite unease on the part of NBC as to how much it should have to reduce its provision of *socially* desirable services in meeting government targets.

Hazel Duffy

NATIONAL BUS OPERATIONS
Financial results to December 31 1981

	Total £000	National Express £000	National Holidays £000	Stage carriage operations £000
Turnover	616,736	42,000	16,985	557,751
Working profit*	19,874	3,990	558	15,326
Working profit/(loss)**	19,874	318	(32)	19,588

* Based on the contribution account costing for National *Express and National Holidays, as they are supplementary to* the main operation of stage carriage.

** Based on full allocation of costs to each of the three sectors of business.

ADVERTISEMENT

VOLVO BUS REVIEW

MAJOR EXPANSION OF VOLVO DOUBLE DECK BUS RANGE AND IRVINE AYRSHIRE FACTORY

Further investment at UK plant for Volvo Citybus production

Volvo has announced that it is making further substantial investment in its £35 million truck and bus manufacturing plant at Irvine in Scotland by building a new production facility for the company's new Citybus double decker.

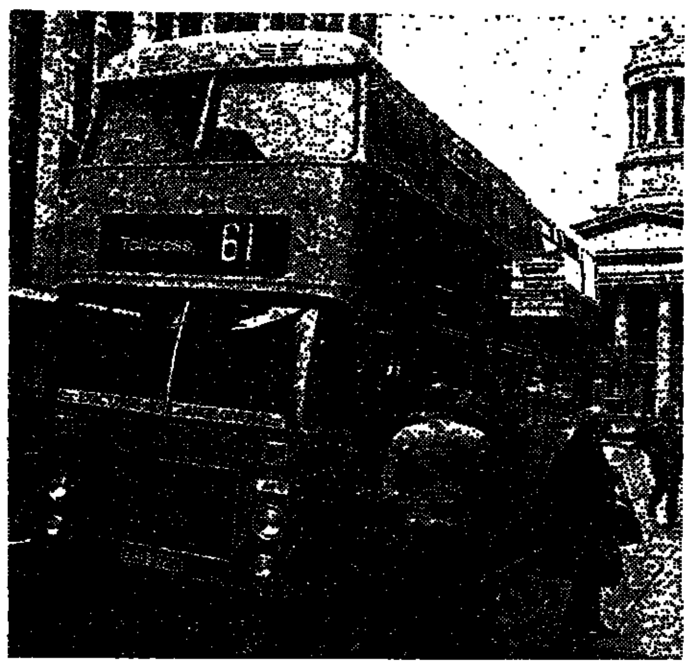
The new Citybus mid-engined chassis, designed by Volvo's British engineering team at Irvine in conjunction with their Swedish counterparts, now joins Volvo's very successful B55 Ailsa front-engined double deck bus, also built at Volvo's 75-acre UK plant.

Some £340,000 will be spent on developing the manufacturing facility for Citybus chassis which will enter full production in the autumn, doubling bus chassis/kit output capacity to 400 units a year. The new production lines will be in addition to the existing truck and bus plant, established in 1975 and currently producing a wide range of British-designed and built six- and eight-wheel rigid trucks, artic tractors, a range of specially designed commercial vehicles for overseas, and Ailsa bus chassis for both home and export markets. This existing plant currently has a production capacity of 2,000 vehicles per year.

The new Citybus, announced at last year's Motor Show, is currently on an introduction programme covering local bus authorities throughout the UK, many of whom already operate Volvo's front-engined Ailsa bus chassis.

Since the announcement, overseas inquiries for the Citybus are encouraging and Volvo Bus of Great Britain General Manager Sandy Glennie is confident that this latest chassis will eclipse the export success already achieved by the Ailsa chassis. Volvo Bus is currently handling export inquiries from many countries in the Far East including Singapore, Hong Kong, Thailand and some countries in South America, where there is a rekindling of interest in the double-deck concept.

It is the export business which highlights the strength gained by Volvo Bus of Great Britain by being part of Volvo's worldwide activities. The British designed and built double deck bus chassis have proved a welcome and profitable addition to the wide range of single deck buses, luxury coaches and articulated psv vehicles made by Volvo factories around the world.



This Volvo Citybus has been working "in disguise" with Strathclyde PTE on Glasgow's busy city streets for several months now. Working normal routes carrying thousands of unsuspecting passengers, the Citybus has covered 30,000 miles operating on average 13 hours a day, 7 days a week schedule. No major problems or failures have occurred in this time and fuel consumption figures of well over 6 mpg are being achieved.

With 90 per cent of the Ailsa chassis components being sourced from British automotive companies the export success has proved a welcome fillip to hard pressed UK component manufacturers. The new Citybus follows this British sourcing policy and a long list of UK materials and components are included together with bodies from major British bodybuilders. Volvo purchases from UK suppliers currently total a record £140 million a year.

The new Volvo Citybus is unique in the UK market in that it incorporates a mid-underfloor engine, an ideal position to provide the optimum safety with balanced handling and braking irrespective of passenger loading. Full air suspension ensures maximum passenger comfort while a major advantage to operators will naturally be the remarkable low overall weight of the complete bus, 9.2 tonnes, making it among the lightest double deck buses available—some 15 per cent lighter than comparable specification vehicles and a factor which will have a major influence on fuel savings.

The Volvo philosophy of a strong, robust, high strength chassis frame is continued in the Citybus with a jig welded twin spine design with full peripheral framing. This framing has two main functions, to provide bodybuilders with a simple mounting frame to give total structural integration with all types of body and to provide a strong safety "skirt" all round the chassis to give maximum protection to the bus and its occupants.

The bus is powered by the newly developed "E" series Volvo engine, the horizontal THD 100 TD 100EB 9.6 litre power pack producing 150 kW (201 bhp) at 1,800 rpm. This latest power unit in the Volvo family of compact, powerful turbocharged engines proven in worldwide usage to provide high levels of reliability and economy. Volvo, originators of many automotive innovations over the years, pioneered the use of turbocharging some 30 years ago and were the first to employ the technique in buses and coaches.

The positioning of the engine under the floor in the centre of the chassis gives a large clear floor area in the lower saloon, enabling maximum passenger capacity. Eighty-six seats are accommodated in the 9.7 metre Citybus, while the weight distribution allows for a further 20 standing passengers without any encroachment of the large entrance area.

To cope with dense traffic, the Citybus incorporates power steering with five turns lock to lock which, combined with a maximum front wheel angle of 50°, makes the new chassis highly manoeuvrable.

Available in a range of lengths and wheelbases to suit all type of operation, the Citybus design can also provide for centre exits, or if preferred, a rear platform exit. Close liaison with bodybuilders has ensured that the chassis is ideal for all types of bodywork and bodies are already approved from Alexanders of Falkirk, Northern Counties, East Lancs, Marshalls, Duple and Eastern Coachworks.

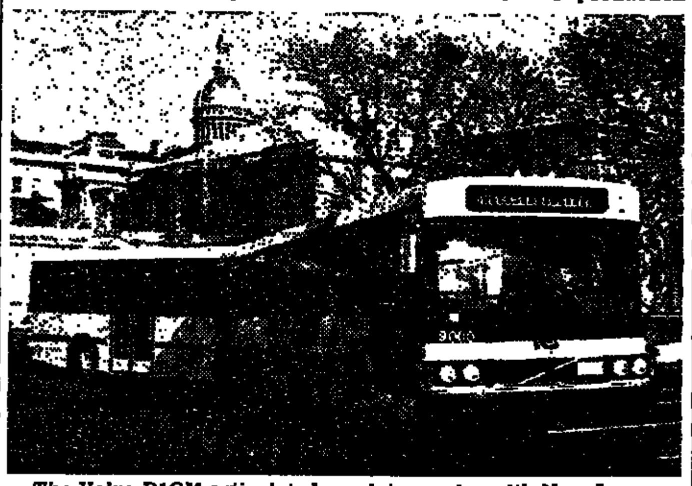
Volvo Bus of Great Britain is confident that the new Citybus will further improve its market share in this country. Last year the company increased its penetration of the double deck market sector to 5 per cent and that in a year when the overall market dropped dramatically. To that must be added the 100 or more Ailsa chassis built and shipped overseas, mainly to Indonesia. With the addition later this year of the mid-engined Citybus running alongside the Ailsa, expectations are high for continued inroads in both home and export markets.

Much of Volvo's success in the UK is related to the British company's compact size and flexible manufacturing facilities enabling a "personal" service to be offered to the specialised bus market.

PRODUCTION

Worldwide production of bus range

The vehicle manufacturing plant established by Volvo in Scotland, where the new Citybus will be manufactured in a brand new double deck production facility, is one of four Volvo bus chassis production plants and another nine assembly plants around the world manufacturing a wide range of public transport vehicles for varying operating conditions.



The Volvo B10M articulated coach in service with New Jersey Transit Corporation, USA. These buses are to be built at Volvo's newest bus plant being established at Chesapeake in Virginia.

The third largest producer of bus chassis (12 tons and over) in Western Europe and the world's second biggest exporter of bus chassis, Volvo's main production plant is at Boras in Sweden, set up in 1977. This modern purpose-built plant has an annual production capacity of 3,600 complete chassis plus some 2,000 chassis kits for assembly abroad.

The Boras plant, like most of Volvo's production facilities, does not have a conventional assembly line. Instead personnel work in teams and the chassis components are moved from team area to team area on hovercraft type carriers. A team consists of between five and 12 members. All receive the same wage and are responsible for the inspection of their own work leading to high levels of quality.

Other Volvo bus production plants are established in Belgium and Brazil. Assembly is also carried out in Portugal, Greece, Morocco, Australia, New Zealand, Peru, Venezuala, Malaysia, and Indonesia.

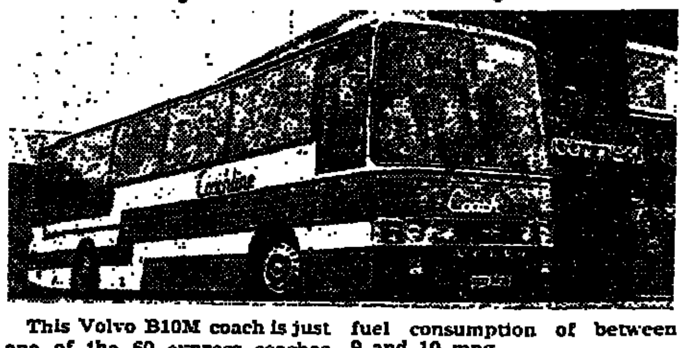
The latest plant to be announced is in the USA where pilot production of articulated buses has just commenced at Chesapeake in Virginia.

The 18-metre articulated buses to be produced in America are to be built on Volvo B10M mid-engined chassis and will carry 110 passengers. A 12-metre bus for city operation is also planned.

One bus of each type has been in service with New Jersey Transit Corporation, USA, and first reports on these test vehicles show excellent fuel consumption figures.

APPLICATION

Motorway coach reliability record



This Volvo B10M coach is just one of the 60 express coaches operated by various companies on the intensive London-Glasgow route. In two years of daily service, this Cotters Coachliner has clocked up over 600,000 kms (375,000 miles) of trouble-free service with no on-road breakdowns, carrying 25,000 passengers at an average fuel consumption of between 9 and 10 mpg.

Such results have made Volvo a main contender in the coach market sitting at the number two position today with 16% of the market.

Several companies are now looking at the new Volvo "Citybus" double-decker as the next possible development in the motorway express field.

AFTER SALES SUPPORT

Major expansion programme

Volvo's phenomenal rate of success in the UK since the marque was introduced in 1967 owes much to the aftersales support programme initiated from day one. Buses, coaches and trucks were supported by a nationwide network of service points offering fast parts supplies and comprehensive service facilities.

A major re-investment programme has just been announced which is solely concerned with further enlargement and improvement of these support services.

More service points have been added to the Action Volvo emergency roadside assistance scheme, available on a single Freefone call asking the operato for Action Volvo—no phone number to remember. Standard charges have been established throughout the country for recovery and roadside van assistance, whilst towing and van service charges for Volvo vehicles under warranty have been abolished entirely.

For coach (and truck) operators running to Europe Volvo DKV credit cards are available to cover the cost of repairs, fuel, ferry and toll charges, restaurant costs, etc, thus eliminating the need for drivers to carry "reserve" cash.

Thirty-two coach specialist workshops are available in the UK as from January 1983 backed up by three major unit stockists located strategically in Scotland, North Midlands and London. Coach specialist workshops are established on all European main routes. They are supported by Action Volvo Service Europe, a single phone number 24 hour rescue and assistance facility.

The new Citybus will also benefit from the unique Volvo PartsPlus scheme, numerous reduced prices on most-used parts available from stock on a free van delivery basis. These geneuine, guaranteed, Volvo parts are carefully priced to cost less than spurious or will-fit parts—and carry a "subsequential damage" warranty.

PLANNING

Traffic Planning Services

Many transport authorities throughout the world now use the comprehensive traffic planning consultancy services available from Volvo Transportation Systems. Years of experience in this field means that Volvo offers more than just the hardware for public transport. It studies, evaluates and analyses existing systems and plans new programmes to help ensure that public authorities—and their customers—get the most efficient and economical bus service.

In countries as far apart as Pakistan and Angola, Singapore and the USA, Kuwait, Holland and Great Britain, Volvo is assisting authorities in planning tomorrow's transport systems.

Areas covered by this work include management structures, company resources, facilities and personnel; technical assistance, training, depots and workshops; transport planning, travel demands, routes, adaptations of vehicles; traffic supervision, control and ticket systems, timetable planning; parts supply, order systems, stocking and training.

Planning tomorrow's public transport systems by solving today's problems.

Involved in traffic planning systems since 1973 Volvo has developed a comprehensive data bank of computer-based methods to analyse existing travel and traffic patterns then propose and evaluate alternatives for the future.

A preliminary study in Coventry has yielded good results and now led to a programme for London Transport to examine and analyse route networks and traffic patterns in areas of Southern London with the aim of rationalising network and operations to achieve higher efficiency without loss of service levels for passengers.

Such transport planning is not confined to bus operation. The accumulated experience and specialist knowledge can also be applied to other areas such as hospital or school transport and currently Volvo experts are producing a computerised fleet management system for the taxi fleets in Sweden's three main cities, Stockholm, Gothenburg and Malmo.

DEVELOPMENT

Research on Battery Flywheel and Methanol Buses moves ahead

Leading world bus manufacturer Volvo has released details of development projects it has been working on for some time which could well revolutionise public transport in the future.

Two specially developed "battery" buses are just going into service on one of Stockholm's busiest city routes. The Transit Board of Stockholm Public Transport has initiated the project with funding from the Swedish State. These prototype buses, with "light-weight" bodies, are fitted with British produced Chloride batteries.

Carrying 64 passengers the battery bus has a maximum speed of 65 km/h and the batteries store enough power for 4hours' driving in city traffic. The buses will operate on normal routes in Stockholm for two years.

A Volvo development project with promising new technology is the energy-saving, environmentally "clean" flywheel bus which, besides taking power from a small diesel engine, also absorbs energy from the brakes. The energized flywheel then supplies power by hydraulic system to the road wheels. This prototype bus is showing savings of 15-25 per cent in fuel consumption. The bus can run for over a kilometre with four bus stops on the flywheel alone with no noise or exhaust emissions.

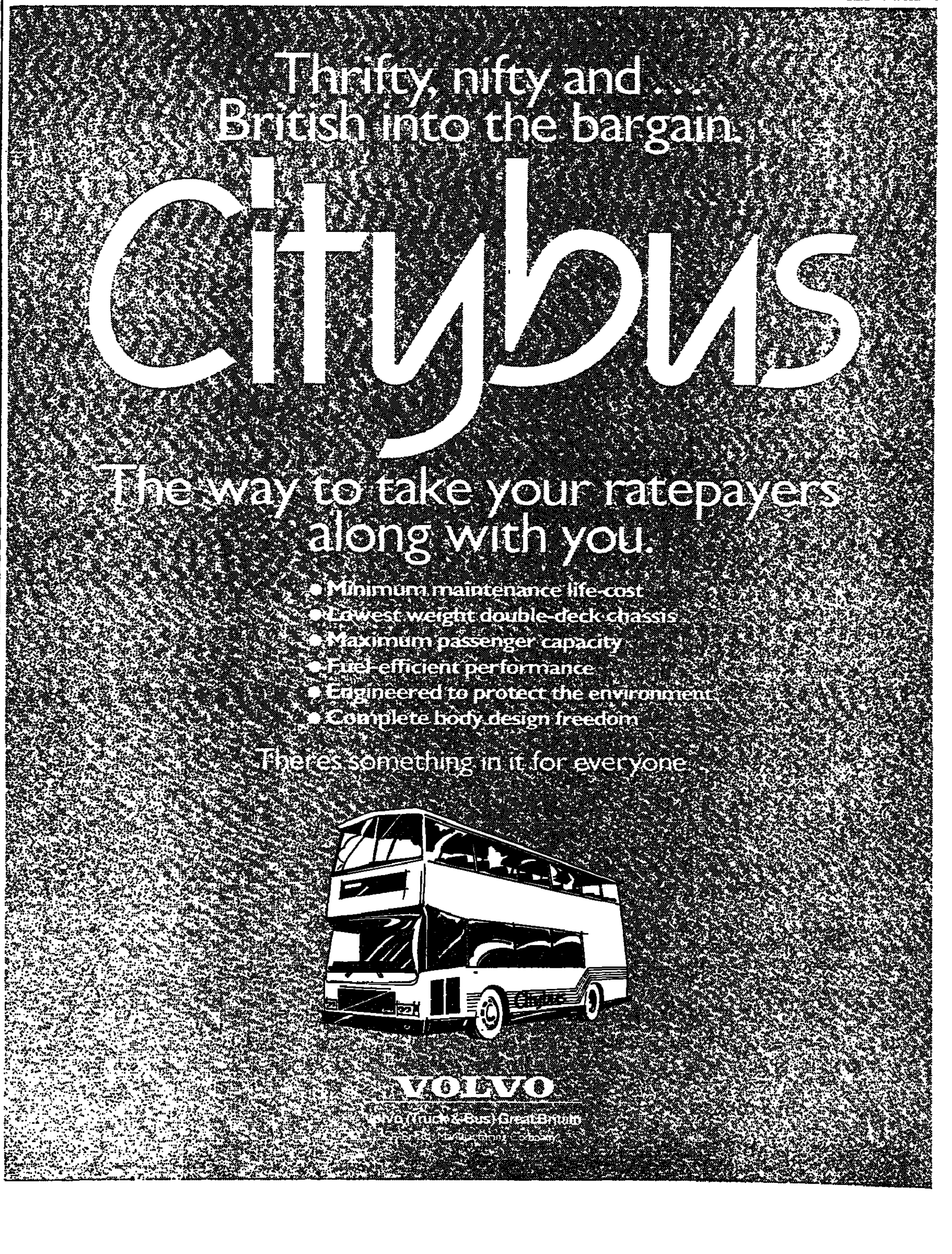
The project has been under way for several years and is now approaching the technical level to be tested in normal traffic conditions.

Volvo Flygmotor AB, producers of the flywheel components, are in advanced discussions with five public transport authorities from some of Europe's largest cities. The flywheel concept is also showing possibilities in mass transit underground systems.

Many alternative types of fuel have been examined by Volvo research and development staff and "two fuel" articulated buses using methanol and diesel have been tested in city traffic for two years to produce valuable data for future work in this area.

To develop many new approaches to bus design and operation, Volvo has installed a complete city bus system in Halmstad, Sweden, where new ideas are put to the practical test. This on-going "in-service" project has produced a wide and varied number of new approaches and serves to highlight Volvo's practical approach to today's transport problems.

This system features raised platforms with specially designed buses to achieve quick and easy passenger circulation and shorter stopping times.



Scottish group profitable though stretched from London to Highlands

THERE IS a lot of Scotland and not many Scots, so it is *difficult to run a bus company* there. Yet the Scottish Bus group, operating 3,400 buses over 120m miles a year throughout 30,000 square miles of Scotland, manages to make profits.

The £3.5m surplus in 1981 accounted for just under half of the £7.4m profits of the Scottish Transport Group, the state-owned conglomerate covering ferry and road *haulage* services *along with* insurances, travel advertising public relations business, and the buses.

Scottish Bus Group coaches cover the long haul to London where they carry three quarters of the ½m passengers a year despite competition from private bus owners.

Here the Scottish Bus Group has consciously stayed clear of the extras such as meals, hostesses and en-route video to provide an £8.50 one-way trip relying on the advantages of terminals at both ends with onward services.

But the heart of the group's activity is the inter-city, inter-Scottish routes. It is here that the main problems occur as well, for the social costs of running buses in Scotland is high—too high in the view of Mr Ian Irwin, managing director of the Scottish Transport Group.

He has cut the cost of running the buses acting on the results of an extensive marketing survey which identified route demand and showed how operating efficiency could be increased.

But the combination of increasing costs for far-flung services on unprofitable *routes*, reduced financial support from the regions to operate these routes, fewer passengers overall and the dangers of fare increases, pose a threat to the group's profit figures.

Mr Irwin, from his Edinburgh headquarters, has a duty to run a social service and send buses deep into rural areas where they do not pay. But he also has to service the profitable areas such as those carrying workers from outlying towns into Glasgow. However, the bus group needs more finan*cial support from the regions* to help run the unprofitable routes, amounting to about 6.5 per cent of costs.

Social duty

The regions, though have increasingly tight budgets and the Government is currently putting pressure on them, threatening to reduce rate support grants in cases of excess expenditure. The Government too expects the bus group to carry out its social duty but wants it to perform commercially as well.

The bus group can raise fares but only at the cost of increasing the exodus of *passengers from the buses.*

Over the years as the bus group has operated in the un*profitable areas it* has absorbed regional services. In 1980 it received between £9m and £10m from the regions in support.

This revenue from the regions today is about half what it was in *1980*, whereas the group needs about £13m to meet the costs of these services. The fall has resulted largely from a decrease support revenue from the largest regions, Strathclyde and Lothian, compounded by the *impact of* higher running costs and inflation.

Mr Irwin has encouraged regions to develop economic ways of running their own rural services, using microbuses *to combine postal* and parcel deliveries and pick up passengers in areas where normal services cannot pay.

But the response has been limited. Although he is un*likely to win further govern*ment assistance, Mr Irwin hopes that some of the more wealthy regions will accept that a margin of their support could be earmarked for regions such as the Highlands.

At the moment each region has a cost accounting system for its bus service so that wealthy regions do not end up subsidising the costs of the poorer areas.

The bus group is hoping to change this thinking somewhat as, throughout the UK, the bus services try to increase government awareness of the costs involved and try to win back passengers.

Mark Meredith

Mr Ian Irwin: encouragement for rural services in the regions

Above: Double-deckers being built at the Northern Counties plant at Wigan and (right) Mr Richard West, managing director of Duple, on the Blackpool production line

All-round cuts as capacity is trimmed to demand

THE YEAR started badly for the UK bus manufacturing industry. After giving repeated warnings during the past two years that Britain had too much bus manufacturing capacity, Leyland Bus, the BL subsidiary, announced it was to close its Bristol Commercial Vehicle (BCV) plant by November with the loss of all *530 jobs.*

Leyland Bus plans to switch production of the Olympian double-deck bus chassis to its plant at Workington, Cumbria, and the component operations will be moved to the Farington plant at Leyland, Lancs, which already makes the majority of the Olympian's components.

With one blow, Leyland Bus is reducing its 4,800 current workforce by 11 per cent.

Closure of the BCV plant will leave it with four others. Apart from Workington, where the Titan double-decker, Leyland National single-decker, and the Railbus are assembled, and Farington, which makes *mechanical units such as gear*boxes and axles and accounts for about half Leyland Bus's workforce, the company also owns Charles H. Roe in Leeds, maker of double-deck bus bodies and the new Royal Tiger luxury coach, and Eastern Coachworks, Lowestoft, also a double-deck bus body builder.

Mr Ken Maciver, managing director of Leyland Bus, explained that the company simply could not avoid a cut in capacity. He blamed "an unprecedented decline" in demand for uses in the UK, "mainly due to reductions in public expenditure and the phasing out of the Government grants towards the cost of new buses."

UK demand for double-deckers was unlikely to reach again the 2,280 seen in 1980. Sales for the industry as a *whole fell to 1,495 last year and* Leyland Bus forecasts they will drop to under 1,100 in 1983.

BCV, which *produced* 470 bus chassis last year out of the 1,000 that Leyland Bus delivered in its home market (down from 1,950 in 1980) was the inevitable choice "due to its size and the age and condi*tion of its buildings* which mean it has a very limited potential."

Mr Maciver told trade union *representatives that* BCV incurred its first-ever loss in 1982 but did not give any detailed figures. Leyland Bus as a whole traditionally has been a good money-spinner for BL, but the industry would be surprised to find the company in the black for 1982.

Compounded

Its problems were compounded by the even more severe drop in single-deck bus sales. Leyland Bus has 99 per cent of UK sales in this sector *which has seen registrations* plummet from 950 vehicles in 1979 to only 138 last year. Leyland forecasts demand will be only 100 in 1983.

With no growth predicted for buses *in the foreseeable future*, Leyland Bus has been beefing up its coach manufacturing operations—where the prospects seem better.

The launch of the Tiger coach just over a year ago increased Leyland Bus's share of the UK coach market from 27 to 35 per cent and it has orders *for about 600.*

More recently, Leyland Bus introduced (in November) the Royal Tiger Doyen, Britain's first integral (chassisless-construction) coach in an attempt to claw back business lost in the luxury coach market to importers such as Bova, Daf, MAN, Neoplan, Setra and Volvo.

Luxury models now account for one in ten of all coaches sold in Britain.

Leyland actually was the second UK manufacturer to get into this part of the market. *Hestair Dennis*, based at Guildford, Surrey, introduced at the Birmingham Motor Show last *autumn its Dorchester* mid-engined premium coach.

Hestair Dennis helped keep its 860 workforce busy also by moving into the standard coach business in a significant way with the Falcon, a rear-engined vehicle which has won an order from National Bus.

Mr Richard Owen, bus sales *director at Hestair Dennis*, well-know for its special vehicles such as dustcarts and fire engines, says his company has been reasonably successful in penetrating the double-deck *bus market and with the launch* of a single decker (both in chassis form only). Although 1982 output fell from the level of the previous year, "order books are quite reasonable."

Leyland Bus's major rival in double-leck bus production is Metro-Cammell Waymann, the Laird Group subsidiary. MCW has *already gone through its* capacity-cutting exercise by reducing the workforce at its bus factory in Birmingham from 1,450 to 800 at the end of 1981.

MCW launched its Metro bus in 1978 and has sold the double-decker to London Transport, the West Midlands authority *and has exported more than* 1,800 in kit form to Hong Kong.

The company is sharing the *London Transport* orders with Leyland and by the end of 1983 will have supplied 995 Metro buses compared with the 885 Titans from Leyland.

However, the orders have not been evenly spread because production of the Titan was delayed when Leyland switched output from Park Royal in *North London to Lowestoft.* The Lowestoft workforce did not agree to the use of unskilled labour on the bus so Leyland then changed production to Workington.

To allow Leyland to catch up last year the 1982 London Transport order was for 275 Titans only and there was noth*ing for MCW. It was when this* position became clear that MCW made its cuts.

Also in the double-deck bus business in Britain's Volvo of Sweden, which set up a plant *to produce them at Irvine in* Scotland in 1974. The first buses rolled off the lines the following year.

Statistics

In 1982 Volvo's Irvine plant produced 200 double-deckers. It also recently won the right to call the vehicles produced there "British" for the purpose of the statistics produced by the Society of Motor Manufacturers and Traders.

The UK Volvo company is spending a further £340,000 at *its Scottish plant* — which has a capacity of about 2,000 vehicles a year — to provide additional facilities for the production of a new double-deck bus chassis called Citybus. This should be in production in the *middle of this year.*

General Motors, the world's largest vehicle group, has been reorganising its commercial vehicle operations around the world and, as a result, Bedford in the UK has become part of GM's world truck and bus group.

The first Bedford buses were *produced in* 1931 at Luton but bus and coach production was transferred to Dunstable, the company's main truck facility, in 1953.

One of the important changes made last year by Bedford was the appointment of a new bus and coach sales manager, Mr David Carter, a long-time Vauxhall-Bedford employee, as a full-time specialist.

Previously, bus and coach operations were included in the general commercial vehicle sales operations.

This was not a token gesture because Bedford insists that it "intends to remain a strong contender and to improve our position in the bus and coach business."

The introduction of what the company dubs a "mid-weight" chassis, the "Y" three years ago will be followed in time by a *heavyweight* chassis and an export weight chassis, Bedford promises.

Bedford's chassis output last year was 548, of which 240 were for export compared with 491 (244 for export) in 1981.

Ford seems to have no similar ambitions in the bus and coach market. Its lightweight chassis, suitable for gross weights up to 12 tonnes, has suffered from the trend for coaches to get longer and heavier and to move to the 16 tonnes permitted for two-axle vehicles. Ford apparently is unwilling to invest for new products in what is becoming an increasingly competitive environment.

Ford bases its "R" chassis on the 20-year-old Trader platform but recently added the new Dover engine to the specification.

Even in 1975, Ford's Langley plant built 3,800 chassis of which 3,200 were exported. However, *export business has* dried up in the face of Japanese competition and local-assembly requirements so that production is now about 300 a year for Britain only.

Kenneth Gooding

Body builders launch new luxury model

THE UK coach market last year, at about 1,800 units, offset for Britain's independent *bus and coach body* builders the disastrous slump in UK bus sales. The severity of the fall *in demand for buses, caused* primarily by the withdrawal of bus grants, can be seen in the collapse *of the single* decker market from 700 in 1979 to 136 last year, with the double decker market faring little better.

Even so, the coach market has contracted over the same period from 2,600 in 1979. More significant, however, is the fact that the coach industry is undergoing a transformation in the types of demand. One result has been that whereas in 1979 *only about* 80 units—3 per cent of the total—were supplied by imports, the level had risen to 22 per cent by 1981 and probably reached 30 per cent last year.

The main reason for the import upsurge is a major change in coach usage in the past four years, according to Mr Richard West, who is *managing director* of Duple Coachbuilders, the Blackpool-based maker of 600 built-up coaches and buses a year. Its sister company Duple (Metsec) at Birmingham produces another 500 to 600 bus and coach body kits a year, mainly for export to Third World markets.

Until very recently most UK coaches were developed primarily for use inside the UK. *Typical mileages were about* 40,000 a year. Now, however, many more coaches are involved in long-distance European work and are providing, says Mr West, "virtually bus services, with mileages of 100,000 a year and at higher speeds than were traditional in the UK."

Continental manufacturers, accustomed to providing vehicles for operation on well-*established* motorway networks stretching as far as Spain, have long had the type of well-equipped coaches capable of sustained high speeds which UK operators are increasingly demanding. So it is not surprising that the UK coach building specialists are now engaged in a scramble to offer a similar vehicle.

These are the fundamental reasons behind the launch by Leyland Bus of its Royal Tiger coach towards the end of last year, and why both Plaxtons, the Scarborough-based body builder which claims to lead the luxury market, and Duple, which claims about 30 per cent, *have invested heavily* in new models.

Margins

According to Mr F. W. Plaxton, the company's chairman, this investment, together with the pressure on margins caused by lower total volume *and foreign competition*, were the main factors in Plaxton's reduced pre-tax profit for 1982 of £1.09m compared with £1.3m in 1981 (the latter figure being already depressed as a result of over £400,000 in redundancy payments as Plaxton's like others in the business, cut its work-force in pursuit of higher productivity and adjusted to lower volumes).

But it has given Plaxtons the vehicles with which it can be *competitive in the form of its* new Paramount range launched towards the end of last year. Completely different in appearance from its previous Supreme products, they appear to compare very favourably with imports. "*Orders received* are considerably in excess of last year at this time," according to Mr Plaxton, "with the trend to greater sophistication continuing."

The Dominant was Duple's staple vehicle throughout the 1970s. But from last October, after 18 months of development and expenditure of nearly £1m, the Dominant has been joined by two new models.

The Laser *is still designed* primarily for UK operation, but highly specified to Continental levels. It is being built initially on heavy duty Leyland Tiger and Volvo chassis with its aerodynamic drag reduced by 30 per cent compared with its predecessor, giving a claimed fuel saving of 10 per cent.

The Caribbean model is designed very much for long-distance touring and, fully in the Continental mould, has its luggage platform above the integral engine/chassis unit with the passenger floor level above this, providing a high sightseeing platform.

The investment turned 1981's slim pre-tax profit of £38,000 into a pre-tax loss of £995,000 last year. But again the pay-off is starting to show through with the order book fuller than at the same time last year.

Duple has continued to perform *well in overseas markets*, Duple Metsec's managing director, Mr Jeremy Stoke, says it is the company's strategy of offering flexible packages which has enabled it to survive against cheaper Japanese competition.

In several recent export deals, Metsec has provided packages which over a three-year period have seen an initial supply of built up buses as the forerunner of first local assembly, then a swift rise in local content. "The developing countries no longer want any old piece of tin. And they want to be able to say that their buses are made locally. We go along with that. You won't see Duple anywhere on our buses now operating in Jakarta, for instance."

While Plaxtons and Duple dominate the UK coach body market they do not monopolise it. Among the smaller builders continuing to find market niches, Robert Wright and Sons of Ballmena has also launched *its own* Continental-type competitor in the form of the Contour, an all-aluminium coach body of Bedford design and using Alusuisse's rigid aluminium body structure system.

With flush-fitting windows and *faired* wheel arches, it is both aerodynamically efficient and aimed at the top end of the coach market with prices starting at over £38,000.

John Griffiths

PROFILE: WALLACE ARNOLD

Enforced operational changes

WALLACE Arnold, Britain's largest independent coach operator, is in the throes of *digesting operational changes.* They have been forced on the company partly by the reces*sion*, by structural alteration in the industry and changing travel habits.

Apart from deregulation, these changes include movements in the relative importance of Continental and *British travel and the pres*sures towards improving efficiency at its Leeds headquarters. The company says rationalisation measures already taken.

Wallace Arnold is a subsidiary of Barr and Wallace Arnold Trust whose business interests reach into motor distribution, computer bureaux and oil distribution as well as coach operating.

The company's leisure and holiday operations have a turnover of about £30m. Pretax profits of £339,000 in the seven months to July 1982 showed a healthy improvement on the £1,760 achieved *in the same period in 1981.*

The 12-months figure for 1981 resulted in a loss of *£132,000 with a clear down*turn in the latter months of the financial year. But the company is not expecting the same pattern to be shown in the latter months of the 1982 financial year. The company completed during the period the sale of its loss-making Evan Evans subsidiary.

Wallace Arnold Tours include holiday coach operations, the Pullman Inter-city *service between* London and West Yorkshire, and retail offices providing a general *travel service* as well as a sales outlet for its own services.

Wallace Arnold withdrew in October 1981 from British Coachways—the express coach *consortium of which it was a* founder member—to go upmarket with Pullman-style express services, which it runs with National Bus.

The group's main depot is also in Leeds, with smaller depots in Scarborough, Croydon, Torquay and Plymouth.

Continental travel accounts for a growing share of the business—in line with general market trends — though in terms of the number of *passengers carried, the UK* still accounts for two thirds of Wallace Arnold's holiday business. There are also signs that there might be some recovery in 1983 UK bookings.

Wallace Arnold's European express services are being extended through its Euroways, subsidiary. Last year, *some 135,000 passengers were* carried on holiday and package trips, excluding those using the Inter-city express services.

Fragmented

Within the company there are some doubts whether deregulation has been good for the industry as a whole. For Wallace Arnold it has frag*mented the holiday tour* market with new small operators taking business in the peak holiday periods.

The company has 280 vehicles but has been reducing its fleet, saying it has upgraded its quality. In so doing it has purchased a greater number of continental coaches—in particular, Volvos, Bovas, and Setras.

Its management believes *the more eye-catching appear*ance of some of these vehicles works to its advantage in attracting trade. It has been operating Volvos for some time and though the purchase *cost is larger than that for* British-made vehicles, Wallace Arnold has found them particularly reliable.

However, it still operates a greater number of Leylands, with Plaxton and Duple bodies, and some Fords mainly for light work. Leyland argues too that its latest vehicles like the Royal Tiger Doyen are as striking as anything produced in Europe.

Within Wallace Arnold itself a considerable amount of reorganisation has taken place over the past two years. A new building was opened in Leeds in October 1981 and a lot of operations have been brought into *one* set of premises rather than two. Accounts have been reorganised.

In May last year, an on-line reservation system was introduced through which travel agents can phone direct to Wallace Arnold staff, who are now equipped with computerised information rather than having to use manual charts.

The UK holiday operation has seen further evidence of the change in demand away from traditional touring *coach holidays to holidays* with a specific centre. Continental holidays though have witnessed the most interesting changes.

This has resulted in the introduction of the Nightrider service, which has been rapidly growing over the past two years and involves cutting out overnight stops in getting to and from Continental resorts, so reducing the cost of the package.

Nick Garnett

BUSES AND COACHES V

Above: passengers board at Kettering bus station in the Midlands, and (right), a Dodge electric-powered minibus—providing a service in districts where to use normal vehicles would be completely uneconomic.

Urban services hit by declining use and rising costs

DEMAND FOR bus services in Britain has been declining steadily for almost three decades, largely in the face of rising private car ownership and changing social and leisure time activities.

The recent performance of the industry suggests that the decline is continuing, although perhaps at a reduced rate in the light of deregulation of the express bus routes and British Rail's inability to avoid steadily increasing passenger fares on the trains.

The bus industry as a whole reached its peak in 1955, when demand called for 14bn passenger journeys. By 1980, the number of passenger journeys had been halved to 7bn, but as a recent study by Martin Higginson and Peter White of the Polytechnic of Central London* showed, the industry was still substantial.

In 1980, the British bus industry as a whole operated 2bn bus miles run by a total of 70,000 buses, producing a total turnover of £1.6bn.

The industry is made up of local authority bus operators, private operators and the nationalised sector in the form of the National Bus Company, which operates in direct competition with the private sector in areas such as express travel, and works in cooperation with several local authority bus companies.

The scale of the British bus industry is well illustrated by the size of National Bus Company operations. NBC carried 2½ times as many passengers as British Rail in 1980, when the bus company reported a trading profit of £5.5m from the operations of its 35 regional and local bus companies.

Risk

The decline in the use of Britain's bus network has been acompanied in recent years by steadily rising costs. These in turn have put further pressure on the bus operators to trim their services, although at the risk of losing more custom, and so perpetuating the decline of the industry.

The report from the Polytechnic of Central London, published in December 1982, was the end-result of a detailed two-year study, sponsored by the Social Science Research Council, into "The Efficiency of British Urban Bus Operators."

The overall aim of the study was ultimately to "facilitate throughout the country the provision of high quality, competitive and well-patronised" bus services. The way this was to be done was "by assisting bus operators to perform efficiently."

The report from the polytechnic came hard on the heels of an earlier report, this time from the Monopolies and Mergers Commission,† which also looked at the efficiency of selected local authority bus operators.

The terms of reference issued by the Trade Department were for the commission to answer a series of specific questions, all relating to the "efficiency and costs of and possible abuse of a monopoly situation" by the companies, Bristol Omnibus, Cheltenham District Traction, the City of Cardiff District Council, Trent Motor Traction and West Midlands Passenger Transport Executive.

Both reports emphasise that a difficulty in assessing the efficiency of local bus operations lies in the conflict between social objectives and commercial objectives for the bus operator. Also, it was quickly apparent that no two bus undertakings are identical.

The report from the polytechnic spelt out the impact of rising costs on the local bus operators studied over the two-year period of the research project. The authors concluded that the local authority bus industry, one of the main sectors in Britain's bus operations, as a whole has not covered its operating costs from its revenue from fares since 1972.

The study showed that costs in local authority bus operations had risen faster than the general rate of increase in the retail price index over the decade to 1980. The RPI in 1980 was 3.7 times its 1970 value, while the costs per mile of operating local authority bus services had risen by 4.7 times, a rise in costs in real terms of 28 per cent.

This rise, on top of already high underlying inflation, emerged as "one of the dominant issues in the study," the authors point out.

Slight fall

Of the main components in the costs of bus operations, traffic operating costs fell slightly over the period of the report, 1970-1980. This fall was in terms of real price levels and, to a greater extent, says the report, as a proportion of total operating costs.

There was a five percentage point fall in the proportion of operating costs attributed to traffic operations, from 62 per cent to 57 per cent in the period 1975 to 1979. This was caused by the move towards single person bus operation from bus operations with two person crews, over the period, with the associated fall in the total number of traffic staff employed.

While this fall in costs from traffic costs was to be welcomed, the polytechnic report shows that "the immediate scope for further reductions is limited." Only a few local authority bus operators still employ conductors as well as drivers.

More general economies in traffic operations are possible through faster bus running speeds, through faster boarding of passengers and improved ticket issuing techniques.

Economies also can be made by increasing the ratio of "paid driving time to paid time," by ensuring that drivers are on the road more of the time of their shifts. This would be possible through cutting the peak/inter-peak ratio, and providing a more constant bus service throughout the working day.

Fuel remained a "relatively small element" in bus operating costs, accounting for 6 per cent of costs in 1980.

The largest element in the rise in bus operating costs in the 1970s was "servicing, repair and maintenance," with a 21 per cent rise in the four years to 1979. Higher labour costs and more complex buses were to blame for the higher cost increases.

There is "considerable potential for cost containment" in these areas. Engineering is more closely under the control of management than day-to-day operations, which are subject to variable traffic congestion, the report says.

Improvements can be expected in the efficiency of local authority bus operators by the gradual changeover from the first generation of rear-engined double-decker buses, such as the Atlantean and Fleetline, introduced in the 1970s, to the second generation of these buses now being introduced, including the Leyland Olympian and Titan, the Metrobus and Dennis Dominator.

The rising impact of higher costs on bus operators over the 10 years to 1980 is shown by comparative performance figures over the period. In 1970, local authority bus operators on average covered their full operating costs and made a 7 per cent contribution to capital expenditure.

Since 1973, however, the sector has failed to earn enough on average from fares to meet its costs of operation, according to the polytechnic report. Individual undertakings continued to trade profitably on their operating account for much longer, but by 1980, local authority operators failed on average to cover their operating costs from fare revenue by 17 per cent. The passenger transport executives of the large metropolis suffered a 21 per cent shortfall on revenue compared with operating costs, while the district council and Scottish regional operators failed to cover operating costs from revenue by 9 per cent.

This general decline in the viability of the local authority bus operators was accompanied by substantial changes in the market for bus passengers. The sector lost a quarter of its passengers in the decade to 1980 and every undertaking was affected to some extent.

Parking

The Polytechnic report identifies among other changes, a decline in bus travel to and from work. This produced a less "peaked" demand. There is also the movement of people to urban outer suburbs, and small towns, greater car ownership, more parking facilities and rising unemployment, which have each contributed to the decline.

At the same time, the steady decline in evening and weekend demand for leisure travel by bus has continued, the report says. "Only in the inter-peak period has demand remained relatively buoyant."

The fundamental objective of the report was to gain a better understanding of how bus undertakings work and to recommend ways of working more efficiently in the future.

In particular, the report recommends that a reduced peak-to-inter-peak ratio will often present the best initial opportunities for improvement," with a trimming of peak operations and or increase inter-peak services. Also, faster running speeds, more interworking between routes and additional cross-town linkages will allow vehicle output levels to be raised.

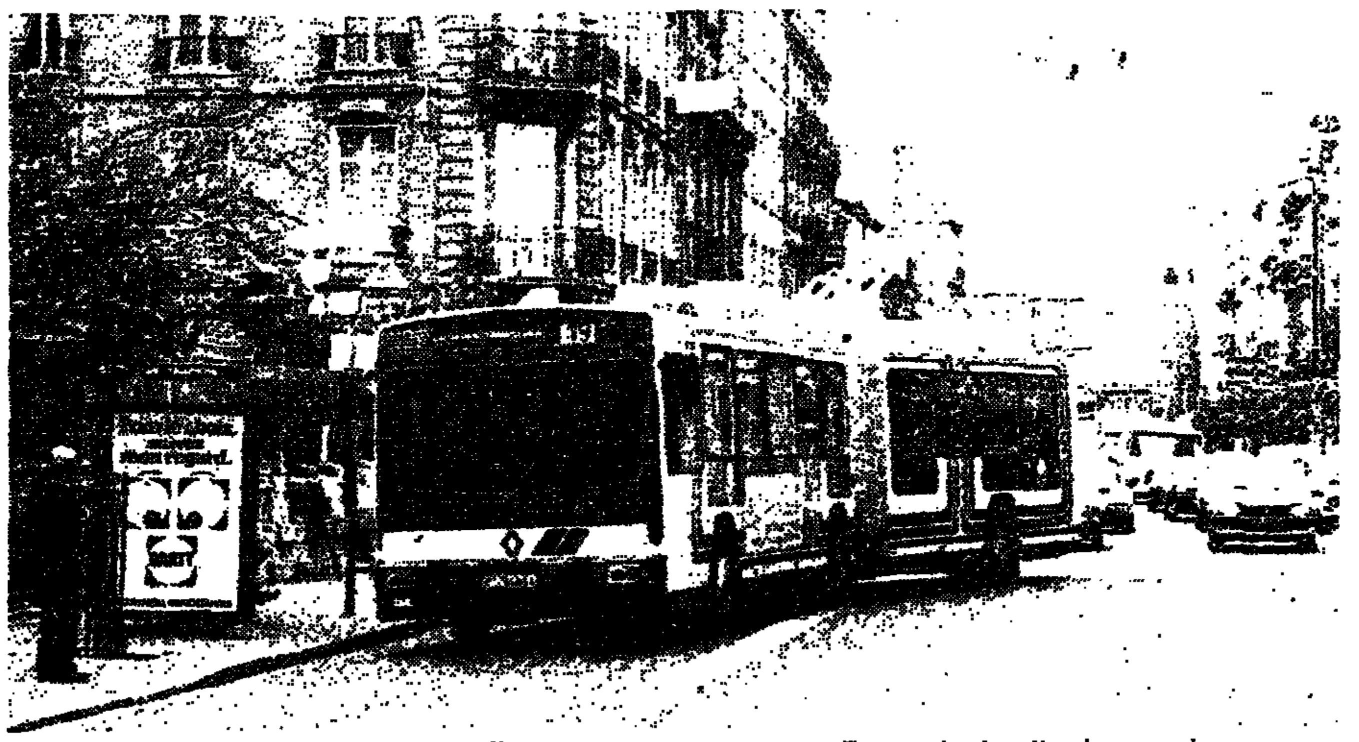
Comprehensive "bus priority" measures to allow closer adherence to scheduled running times could also improve vehicle use. Fare scales should be simplified and calibrated in steps to ease payment and speed the issue of tickets.

* *The efficiency of British Urban Bus Operators — Research Report No 8, December, 1982; Transport Studies Group, Polytechnic of Central London, 35, Marylebone Road, London NW1 5LS (price £15).*

† *A report on Stage Carriage Services; Monopolies and Mergers Commission, HMSO, HC 442, July, 1982 (price £13).*

Lynton McLain

BUSES AND COACHES VI



This Renault articulated trolleybus on service in Nancy, France, is also diesel-powered so that it can run on either system

BUS AND COACH PRODUCTION

	1980	1981 Total	1981 6-14t.	1981 over 14t.	Observations
Mercedes-Benz (W. Germany)	7802	7312	1924	5388	Includes chassis for European Coachbuilders
Leyland (UK)	5130	3867	477	3390	Mainly chassis-built vehicles
Iveco (Fiat) (Italy/W. Germany)	N/A	6387	1550	4837	Includes chassis only
Hino (Japan)	5024	5443	2280	3163	
Mitsubishi (Japan)	3961	4760	2056	2704	
Isuzu (Japan)	5152	3965	2124	1841	
Renault V.I. (France)	2909	3651	932	2719	All complete vehicles above 14t. (except for 76 chassis)
MAN (W. Germany)	2845	3431	271	3160	
Volvo (Sweden)	4419	3333	156	3177	Chassis only
Scania (Sweden)	2734	2953	Nil	2953	Chassis only
Nissan (Japan)	2333	2009	697	1312	
Setra (W. Germany)	2037	1941	Nil	1941	Complete vehicles only
Pegaso (Spain)	N/A	1654	53	1601	Chassis only
Neoplan (W. Germany)	N/A	927	91	836	Almost all complete vehicles

Source: Renault Vehicules Industriels

Restructuring moves for European makers

RESTRUCTURING of bus manufacturing operations in Europe has not been restricted to Britain. In the highly-competitive West German market big changes have taken place.

For example, MAN (Mashinenfabrik Ausburg Neurnberg), 75 per cent-owned by Gutehoffnungshuette, Europe's biggest engineering group, has concentrated bus production at its Watenstedt plant.

Previously, the MAN standard buses were built at Penzberg but this facility has been switched to production of sub-assemblies such as axles.

MAN's bus and coach-building capacity remains at between 2,500 and 3,000 vehicles a year, depending on the mix. There is also some production at the Graf and Stift subsidiary in Vienna. MAN employs about 3,000 at the Watenstedt plant but they also work on trucks and military vehicles.

Last year, MAN sold a total of 2,739 buses and coaches against 3,247 in 1981. In the past MAN mainly supplied fully-built buses but the proportion now has dropped to something in the region of 80 per cent because the company has a major contract to supply bus chassis to Baghdad while Australia no longer accepts built-up buses.

Rationalisation in Germany has been taken further by the decision of Iveco to close its bus plant at Mainz with the loss of 1,400 jobs.

Iveco is the Fiat subsidiary which produces and sells trucks and other vehicles under the Fiat, Unic, Lancia, OM and Magirus badges and has manufacturing plants in France as well as Italy and Germany.

According to Iveco, Magirus lost competitiveness when the German market preference switched to long-distance, luxury coaches of a type Magirus did not produce. The Mainz plant, according to German press reports, lost the equivalent of £7m in the past three years.

Iveco has also effectively closed another of its bus plants, at Cameri in Italy. This facility has been switched to the production of truck axles for a new company jointly owned by Iveco and Rockwell of the U.S.

Iveco's bus and coach division still has the Valle Ufita plant, southern Italy, which makes complete chassis and bodies, and there is a 70 per cent-owned body builder for luxury coaches called Orlandi in Modena.

The division has been re-examining its position. It certainly will remain in the luxury coach business and is contemplating what other market sectors it should be represented in.

A Volvo coach fitted with Girling's wheel-sensed anti-lock braking system on both axles. Volvo manufactures in a number of countries but most of its buses and coaches come from Sweden

In spite of the world-wide downturn in demand for buses and coaches in the past couple of years, one manufacturer, Scania-Bussar, part of the Saab-Scania group of Sweden, actually has been adding capacity.

The company was formed as a result of the major event in the history of Swedish road traffic—the change from left to right-hand traffic in September 1967. Half the 7,000 buses then operating in Sweden had to be replaced as right hand drive vehicles and the rest required major conversion work.

Scania acquired an existing coachbuilder, Svenska Karosseri Verkstaderna, after the initial boom had died down—and when a considerable drop in output was expected—and moved its bus operations from Sodertalje, leaving that plant for truck manufacturing.

During 1981 Scania opened a new assembly plant, which uses air-cushion technology to move chassis from one assembly station to another, in Katrineholm. The production is now distributed among so-called assembly groups.

The new assembly plant has made it possible to divide the production of buses at Katrineholm between two main plants — one for the assembly of chassis and one for the production of bodies. Scania reckons this results in higher capacity, greater flexibility and more rational materials handling.

In 1981 Scania invoiced 2,760 buses, with the Swedish plant accounting for 67 per cent, while subsidiaries in Brazil and Argentina were responsible for 29 and 4 per cent respectively.

Scania's neighbour in Sweden, Volvo Bus Corporation, also expanded in 1981 by acquiring Karosseri Hoglund which produces more than 200 bodies annually for the Swedish market.

Volvo Bus invoiced 3,850 chassis in 1981, most of them at its main plant at Borås from components supplied from other Volvo facilities in Sweden.

There are Volvo-owned companies assembling buses at Irvine in Scotland, and in Brazil, Peru, Australia and Thailand, and independent licensees assemble them in Portugal, Greece, Morocco, Costa Rica and Indonesia.

Elsewhere in Western Europe, Renault Vehicules Industriels (RVI) was formed from the merger of Berliet with Saviem and the bus manufacturing division continues to operate the two plants owned by the old companies. Both are in the Lyon region.

The former Berliet facility at Velissiux makes RVI's most-modern buses, such as the PR100. The other plant, 50 miles away at Annonay, makes the heavier-duty types, and export models.

Between them the two factories have the capacity to produce around 4,000 completely built-up buses a year.

In 1981, RVI produced 3,651 buses and coaches of which 2,719 were over 14 tonnes and all but 76 of those heavyweights were sold in built-up form.

The group increased its grip on its domestic market in December by concluding a technical cooperation agreement with Heuliez, the leading French body builder, under the terms of which RVI will supply Heuliez-Bus with the mechanical components required for future Heuliez models.

And Daimler-Benz, Europe's major commercial vehicle producer, operates its bus manufacturing business through a division called UBO (Unternehoms Boseth Omnibusse) which has a worldwide capacity of about 30,000. There are 23 countries where Mercedes buses are produced.

UBO's German operations are centred on Mannheim where the plant turned out 3,600 buses and coaches last year. UBO is organised in an unusual way because a quartet of managers, with responsibility for sales, finance, production and development respectively, run the business, for a sort of "commission."

Smaller van-based buses are built at Dusseldorf and Bremen.

There are also big plants at Buenos Aires in Argentina, Sao Paulo in Brazil and UBO is part-owner of a bus plant in Turkey.

Kenneth Gooding

Councils face up to new Bill

THE MOST immediately pressing issue facing Britain's local authority controlled bus services is the Government's new Transport Bill, which will impose financial guidelines for support by local authorities.

Provisions in the Bill, now in the House of Lords, are part of the Government's campaign against what it calls "unrealistically low fare policies" of some councils, notably the Greater London Council and South Yorkshire.

It seeks to put a ceiling on the amount by which councils can subsidise public transport fares from the rates, removing the "severe burden imposed on the ratepayers." The Government intends to have the Bill on the statute book by March.

Mr Alex Waugh, chairman of South Yorkshire Transport Committee, said: "The legislation will not be law before the metropolitan council rate precept. Therefore while we will take note of the imminent legislation, we will still make our budget in the normal way within our statutory duties.

"We have not made our budgets yet but provided councillors are convinced that they are not acting illegally we shall continue our existing services."

The impact of the imminent legislation has forced councils such as South Yorkshire to balance political objectives with careful examination of the legislation and to balance the needs of the ratepayers on bus fare payers.

However, South Yorkshire fears that proposals within the Transport Bill, in which the Department of Transport will seek detailed information on bus services, is a forerunner to increased central control of the sorts of services provided.

South Yorkshire, which has contained fare increase at 1975 levels, defends its policies by pointing to an 8 per cent increase in bus usage at a time when other operators which have increased prices in real terms have lost many of their passengers. "If we had put up fares in line with inflation," said Mr Waugh "we estimate we would have lost at least 30 per cent of passengers."

Authorities such as South Yorkshire fear that the proposed new legislation is a forerunner of complete delicensing of bus services and wholesale privatisation.

The Labour-controlled Association of Metropolitan Authorities is currently mounting a strong campaign against the Bill and lobbying Peers within the House of Lords. It believes the Bill will jeopardise local authorities' total transport policies because fares, it says, are part of total transport arrangements.

It points to the example of Merseyside's cheap fares policy, which it says was part of an incentive to travel on public transport with bus services linked to rail routes.

Local authorities such as the West Midlands County Council has also lobbied locally, leafletting homes and having written to over 200 companies which supply the local WMPHE with buses and components. Suppliers have been informed that purchasing abilities may be halted for 16 months.

Local authorities point to reports that most major public transport undertakings in the UK experience both lower levels of financial support from public authorities and falling passenger demand in recent years than major systems in countries such as France and West Germany.

A paper by Mr J. E. Allen, finance director for the London Transport Underground, showed that apart from South Yorkshire's undertakings UK transport systems generally receive less financial support from public authorities than those on the Continent.

Experiments

British local authorities also point to the problems in Britain of experimenting with continental-style single deck buses with several doors. Mr James Isaac, director general of the West Midlands Passenger Transport Executive, said that in Europe people could get on at any door because there was a spot fine system for fare dodgers.

"One of the reasons for the single-door bus is that we want people to pay," he said. Non-payment of a fare in this country imposes a duty on the bus operator to prove an intention to defraud.

The West Midlands' bus services have been particularly badly affected by high unemployment, which by June is projected to reach 18 per cent according to Mr Isaac.

The bus service was carrying 500m passengers a year in the late 1970s but, according to Mr Isaac, the effect of the recession has cost 35m passenger journeys a year, which in financial terms is an annual loss of about £9m.

However, services have not been cut although "good housekeeping exercises" have been imposed by the Labour-controlled county council. This then worsens the cost revenue balance.

The main losses of passengers are in the evenings, down 20 per cent on three years ago, and 23 per cent on Saturdays.

The county council, while aware of its financial constraints, has chosen not to cut services because it wants to maintain the mobility of those without cars.

West Midlands has also attempted, like authorities such as Tyne and Wear, to more fully integrate bus and rail services. In the last year 200 new car parking spaces have been opened at railway stations and 300 more are awaiting approval. All car parking spaces at suburban railway stations are free.

As to the future, transport authorities keep looking to the European effects of investment and integrated public transport systems which cut down on urban pollution and city congestion. Mr Isaac said: "Our aim is to provide a system of transport which is able to provide a reliable and fast service without having to compete with the private car."

Lisa Wood

Continental tour operators confirm their strength

WHEN THE Magic Bus coaching operation from the UK to various European cities collapsed at Christmas it confirmed in many minds the traditional concept of international buses — that they are cheap, mainly for the young, and relatively insecure.

In fact, however, coaches have made a considerable comeback on the medium haul market among the middle-aged and middle class, and are more often than not run by long-established companies. They owe their success as much to improved standards as low costs.

UK coach operators such as Wallace Arnold, Global, Cosmos and others have all seen major surges in business in recent years. "Coaches are once again very popular," says Global's Mr Roger Corkhill. "The strength of the market has been confirmed this year, particularly to Austria and Switzerland."

It has taken the British some time to discover international coaching, however. Its image of cheap transport for the young, or insulated package touring for the elderly, has not helped. Only a few years ago companies despaired of the British market ever being prepared to pay the fares necessary to sustain the air-conditioned, coffee serving, plush - seated, WC - equipped vehicles popular in Europe and the U.S.

In those days the European market for such traffic was dominated by U.S. and Australasian passengers. Now even the British have rediscovered long-haul luxury buses.

Clearly the gradual deterioration of standards on airlines and the overcrowding of airports has helped. Coach operators have been able to exploit their vastly greater pick up and set down flexibility. The old problems of onboard facilities and the very slowness of road traffic have been diminished — the first by on-road movies, drinks service and lavatories, and the second by the high speed multi-laned highways that now carve their way throughout Europe.

Sophisticated

In few fields has the penetration been as great as in winter sports where at least a dozen companies have now arrived on the British ski scene running sophisticated ski buses to various European destinations. Some, like Neilsons, have grown spectacularly as a result of spotting the potential demand.

It is probably ski coaching which most obviously demonstrates the way in which the travel cards have been upping coaching's way. For example, the French Alps are now a popular bus destination and the reasons are obvious. Geneva is a less than good charter airport (it is overcrowded and discourages peak time charter flights); the Alps are well served by motorway and autoroutes from the UK, the Netherlands and southern Scandinavia; and those who arrive by air face a coach journey of a couple of hours to their ski resort anyway.

In all markets, however, it would be foolish to suggest that price has no significance. It is a fact that fuel is a much smaller element of a bus operator's costs than is the case in the air. Even with a bus doing much less than 10 miles to the gallon, each of those gallons is split between 30 or more passengers and at 300 passenger miles per gallon the ability to absorb fuel price rises, even quite sharp ones, is much increased when compared with an airline.

The big coach cost elements in international coaching are labour (a long haul bus may have two drivers and a guide on board) and depreciation. Even here the odds favour the bus. Coach drivers are hardly in the airline pilot pay league and even the most sophisticated of buses is unlikely to hit the $10m that the modest jet will cost these days.

Like many a good business these days, however, the problem is not one of lack of demand but one of oversupply. There has been a rush to offer facilities which the market has been so eagerly demanding and a rush which today almost certainly exceeds consumers' needs. The Magic Bus may have lost its magic as much due to this as anything else.

Arthur Sandles